EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

FT No. 31,314
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Tuesday November 27 1990

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EASTERN EUROPE
Fostering new business skills
Page 2

World News

Falling output and soaring spending hit Soviet plans

A desperate economic picture of falling output and soaring spending was painted by the Soviet government as it begged republics to heed budget and planning targets. Moscow residents went on a panic buying spree after a milk delivery ban. Page 22

Peking plot charge
Two alleged leaders of last year's pro-democracy movement in Peking have been charged with plotting to overthrow the government, a crime punishable by death. Page 4

Czech left does well
Czechoslovakia's communists, forced to give up power a year ago, confounded their successors with a solid showing in weekend local elections. Disease of the centre, Page 3

Lee Kuan Yew quits
Singapore's Lee Kuan Yew resigned, ending his reign as the world's longest-serving prime minister and giving way to his chosen successor, Goh Chok Tong.

Begging ban upheld
The US Supreme Court let stand New York City's ban on poor and homeless people begging for money in the city's subways, rejecting arguments that the ban violated free-speech rights.

Swiss-US rift healed
A row between Switzerland and the US over Swiss treatment of officials accompanying President George Bush in Geneva last week has apparently been resolved. Swiss security guards were accused of verbal abuse.

Menem victory
Argentina's president Carlos Menem won a victory in his battle against the bureaucrats when the Economy Ministry backed his plan to cut 122,000 government jobs over three years. Page 22

Cuban crackdown
Cuba said it had extended a crackdown against crime and corruption to the whole island, netting more than 500 "crime tycoons" in the past month, including some police officers and officials.

Rebels kill 100
Tamil rebels may have killed more than 100 soldiers fleeing a military camp in the jungles of northern Sri Lanka, the government acknowledged.

Setback for Collor
Brazilian president Fernando Collor suffered a setback in Sunday's run-off elections for state governors. Page 5

Eight die in crash
Seven crew and a passenger were killed when a Soviet military transport aircraft crashed as it was preparing to land near the Soviet Central Asian city of Alma Ata.

German rail strike
Rail workers in eastern Germany extended their strike for more pay and job security, halting passenger and goods train services in the country's first big labour dispute since unification. Page 3

Doctors murdered
Two plastic surgeons were stabbed to death while working in the burns unit of a hospital in Wakefield, northern England. A 24-year-old man was arrested.

Opposition gains
Ivory Coast opposition candidates gained seats in parliament for the first time after an election ending 30 years of one-party rule. Page 4

Sparkle goes flat
France's champagne producers recorded a sparkling increase in profits and sales last year, but their immediate future looks flat, a Bank of France study says. Page 3

Business Summary

SAS moves to boost control over airline business

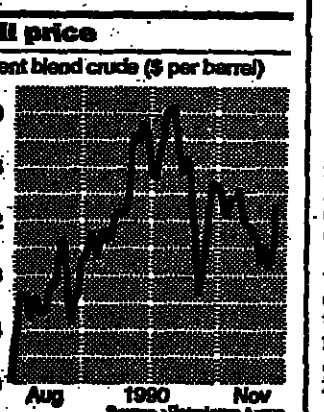
Scandinavian Airlines System announced a wide reorganisation designed to strengthen the faltering airline that is the company's core business.

Mr Jan Carlzon, SAS's president, says the airline is facing the greatest challenges of any part of the group. As a result of the restructuring, he will have greater "hands-on" control. Page 23

BAYER, German chemical group, followed its two big rivals with news of a sharp slide in third quarter profits as a result of the strong D-Mark, higher raw material costs, and low selling prices. Page 23

OIL prices jumped sharply following renewed fears of war in the Gulf.

Oil price
Brent blend crude ($ per barrel)



North Sea Brent crude for delivery in January closed $2.50 up at $33.05, one of the highest daily increases since the start of the Gulf crisis. Commodities, page 38

ESSELTE, Swedish owned office products group, continued uncertain after it announced a 71 per cent decline in profits for the first nine months and the resignation of its chairman. Page 22

VENEZUELA: President Carlos Andrés Perez unveiled a $600m programme to help the country's private sector repay its medium and long-term external debt. Page 5

GUINNESS MAHON, UK merchant banking group acquired by Bank of Yokohama last year, reported a loss of £3.6m ($7m) in its latest financial year. Page 24

STATOIL, Norwegian state oil company, is seeking permission from its owner to invest in businesses outside its petroleum activities. Page 24

JAPAN'S trust banks announced large declines in first-half earnings and slashed their forecasts to reflect the effect of Japan's high interest rates and weak stock market. Page 24

TIMES PUBLISHING, Singapore-based publisher and printer, announced better year-end results but warned it might not sustain performance because of the economic downturn caused by the Gulf crisis. Page 25

SINGAPORE LAND, property giant, is making two acquisitions worth S$201.7m (US$118.7m) to gain control of the country's largest shopping complex and a first class hotel. Page 25

CSR, Australian building materials, sugar and aluminium group, announced a 12 per cent cut in interim profits to A$205.6m (US$160m), and warned that profits would fall further unless markets improved strongly. Page 26

US BOND MARKET: a sudden intensification in the war of words over the Gulf tension pushed prices lower at the long end. Page 27

ROBT JONES INVESTMENTS, New Zealand's leading property group, is asking shareholders to forego dividends after a prolonged period of falling share prices. Page 26

Tory MPs elect a new UK premier today

By Philip Stephens, Political Editor, in London

CONSERVATIVE MPs vote for a new UK prime minister today with supporters of Mr John Major, the chancellor, claiming he is in sight of outright victory, but his opponents equally confident that the momentum of his campaign has been halted.

Amid a welter of disputed claims and disinformation during yesterday's campaigning, Mr Michael Heseltine, the former defence secretary, insisted that he was set to emerge the winner from a final round of voting on Thursday. It was Mr Heseltine who last week forced Mrs Margaret Thatcher out of the leadership race.

Mr Douglas Hurd, the foreign secretary, acknowledged that he was in third position, but refused to accept that his chances in the race had evaporated. He claimed instead that he could yet emerge as a last-minute choice.

Observers at Westminster said that the contest would turn into a straight fight on Thursday between Mr Major and Mr Heseltine, with the outcome too close to predict.

The rougher nature of the behind-the-scenes campaigning was reflected in charges that Mr Major's brief stint at the Foreign Office had been disastrous, that Mr Hurd's dullness would repel the voters, and that Mr Heseltine's record showed him as excitable and authoritarian.

■ Mr Major cautious; How MPs have said they will vote ....Pages 7,8
■ Editorial Comment; Observer ....Page 20
■ By fair means or foul play; Lombard ....Page 21
■ Ministers avoid eye contact ....Page 22

One member of the cabinet infuriated Mr Major with disparaging remarks about his command of foreign affairs at a time when Britain faces the prospect of war in the Gulf.

As teams of canvassers swept through the corridors and lobbies of the House of Commons to win over waverers among the party's 372 MPs, Mr Major's camp claimed that it had secured firm pledges from upwards of 165 MPs. That is about 20 short of the 187 needed for outright victory today.

The chancellor's campaign received a boost from a report delivered last night to backbench MPs on the mood in the constituencies. It indicated that soundings at the weekend showed 70 per cent of the party's activists favoured Mr Major as leader. Both Mr Heseltine and Mr Hurd, however, received strong backing from Conservative peers and from members of the European Parliament.

In an interview with the Financial Times, Mr Major implicitly rejected charges from his opponents that he had become a "prisoner of the right" of the Tory party. He
Continued on Page 22

Matsushita announces $6.1bn takeover of MCA entertainment

By Alan Friedman in New York and Ian Rodger in Tokyo

THE BIGGEST Japanese takeover in the US was unveiled yesterday when it was announced that Matsushita, the Osaka-based electronics concern, is to pay $6.1bn in cash for MCA, the Hollywood entertainment group.

The takeover, which is also the largest US corporate takeover of 1990 so far, is expected to prompt further political rumblings about the march of Japanese capital across America's corporate landscape.

MCA owns Universal Pictures, the MCA and Geffen record labels and a cluster of publishing, theme park and property assets.

The takeover – which calls for the payment to MCA shareholders of $66 a share plus separate stock in MCA's WWOR-TV television subsidiary that is worth about $5 a share – puts a total effective value of $6.6bn on the Hollywood company.

The deal is twice as large in money terms as last year's $3.4bn takeover of Columbia Pictures by Japan's Sony Corporation and means that four of the seven big US studios are now foreign owned.

Mr Rupert Murdoch has taken over Twentieth Century Fox and Mr Giancarlo Parretti has acquired MGM/UA.

Mr Akio Tanii, Matsushita's president, said in Tokyo yesterday that his company's decision "had nothing to do with the moves of other companies".

Analysts believe Matsushita is getting more assets and better value with the MCA purchase than Sony did when it bought Columbia Pictures.

The price is well below the $80 to $90 a share Mr Lew Wasserman, MCA's chairman, had hoped for when negotiations began two months ago.

MCA's share price was down $⅛ yesterday morning at $65¼.

Matsushita is betting that its best future strategy lies in what it calls "the ideal integration of software and hardware", in this case entertainment products such as films and records and consumer electronics such as its Panasonic products. With an eye on possible political reactions to the deal, Matsushita pledged to keep MCA's management intact and said it was committed to maintaining "creative independence" at MCA.

The Japanese company, which employs Mr Robert Strauss, the MCA board member and veteran Democrat politician, as a lobbyist, also said it recognised "that MCA's film library is a precious national resource and has pledged to dedicate resources to MCA's continuing efforts to restore and preserve America's films".

The acquisition was first suggested to MCA several months ago by Mr Michael Ovitz, Hollywood agent and power broker. His company – Creative Artists Agency (CAA) – was hired by Matsushita a year ago, when CAA was advising Sony on the Columbia Pictures takeover. CAA stands to earn an estimated $40m in fees.

In order to conform to US regulations MCA's WWOR-TV television subsidiary will be spun off as a stand-alone company before the takeover is completed, with one WWOR share to be paid for every five MCA shares held.

Matsushita has also agreed to sell off MCA's Yosemite Park concession in California, valued at about $150m, because of demands on the part of local environmentalists.

The deal was wrapped up on Sunday evening in New York, with Mr A Ovitz and Mr Strauss acting as intermediaries and MCA advised by Mr Felix Rohatyn of Lazard Freres.

Observer, Page 20; Lex, Page 22; Cautious imitator, Page 23; Market reports, Back Page, Section II

Smiling in adversity: Tadeusz Mazowiecki celebrates in Warsaw in spite of his poor election performance

Polish PM quits after poll failure

By Christopher Bobinski in Warsaw

MR TADEUSZ MAZOWIECKI, Poland's prime minister, said yesterday he and his government were resigning after his poor showing in the first round of presidential elections on Sunday.

"Society has made a choice and I have drawn a conclusion from it," he said on state television. "I have decided to submit the resignation of my government."

Mr Mazowiecki trailed in third position in the presidential voting, winning only 18 per cent.

He was beaten not only by Mr Lech Walesa, the Solidarity union leader, but also by the almost unknown 42-year-old Polish-Canadian businessman, Mr Stanislaw Tyminski.

Mr Walesa led the field of candidates with just 40 per cent – a disappointing tally for him, while Mr Tyminski snatched second place with 23 per cent. Voting was not heavy: only 60 per cent of voters went to the polls.

Mr Tyminski said at his campaign headquarters in Warsaw that he was confident about winning the presidency in the second round of the election on December 9. "I hope to be in
Continued on Page 22
Editorial Comment; Observer, Page 20

Brussels overrides Brittan on merger

By Lucy Kellaway in Brussels

THE European Commission has decided to approve the merger of two Dutch coffee companies against the earlier recommendation of Sir Leon Brittan, the competition commissioner.

The decision, which represents a serious defeat for Sir Leon, also demonstrates, according to critics, how political interests are interfering with the conduct of EC competition policy.

Sir Leon argued strongly that the Fl 1.37bn ($820m) merger of Douwe Egberts and Van Nelle was an illegal abuse of their competitive position because it gave them 70 per cent of the Benelux coffee market.

However, his suggestion that the deal, which took place in 1988, should be partly unwound was opposed by Mr Frans Andriessen, the Dutch commissioner, and Mr Karel Van Miert, the Belgian commissioner.

The decision comes just two months after the EC's new merger regulation came into force. Critics say this will work only if decisions are taken fairly on competition grounds and are not interfered with at Commission level.

The commissioners opposing Sir Leon said it was not up to Brussels to impose terms on the deal, but up to the relevant authorities in Belgium and the Netherlands.

By contrast, Sir Leon said that, as the single market approached, it was important that all companies should have fair access to the markets in all countries.

Brussels has been considering the matter since the merger was announced. Last July Sir Leon failed to persuade his fellow commissioners that Douwe Egberts should be made to dispose of Van Nelle's coffee interests, but hoped that with more time he would be able to persuade them. His opponents now say that so much time has elapsed since the merger that it is too late to impose terms.

Under EC rules, the Commission has the power to stop mergers that restrict competition in the EC market or in a substantial part of it. The debate between commissioners was claimed to be about what constitutes a "relevant market", although officals said the real issue was a blatant effort by some commissioners to protect their own home markets.

UN Gulf deadline haggle

By Michael Littlejohns in New York and Lionel Barber in Washington

THE FIVE permanent members of the United Nations Security Council were yesterday haggling over a US proposal to set a January 1 deadline for Iraqi withdrawal from Kuwait after which member countries could "use all necessary means" to implement UN resolutions.

The Bush administration hopes to gain as many votes as possible for the resolution to strengthen support in the US Congress for a possible war.

The draft circulated for discussion among the five does not explicitly use the words "military action" but, instead, the umbrella formulation "all necessary means", which is similar to an August 25 resolution permitting force in carrying out the UN economic embargo.

Britain, France and the Soviet Union are thought to be solidly behind the US draft.

The differences which remain are about language and the timing of an ultimatum.

UN diplomats reported the Soviet Union as preferring a deadline of January 15. China has indicated that it will not block the resolution but has yet to decide whether to abstain.

Britain was said to have been in favour of setting no deadline. Mr Douglas Hurd, foreign secretary, said in London that the resolution would not set a deadline for war but "it would be a deadline after which member states would be authorised to begin military action."

He added the warning that the proposed resolution would represent "the climax of the peaceful pressures" on the Iraqi leadership.

Intense consultations about details of the text will continue until Thursday when Mr James Baker, US secretary of state, will submit a resolution to a full meeting of the 15-member Security Council.

The US draft invoked the mandatory provisions of Chapter VII of the UN Charter.

The relevant paragraph authorises "member states co-operating with the government of Kuwait, unless Iraq on or before January 1 1991, fully implements the foregoing resolutions, to use all necessary means to uphold and implement the Security Council resolutions passed in response to Iraq's invasion and occupation of Kuwait, and to restore international peace and security in the area."

The 10 previous resolutions passed on the crisis call for Iraq's withdrawal from Kuwait and the imposition of an international embargo intended to bring that about.

Apparently in anticipation of possible difficulties about the latest resolution, Mr Baker is expected to take over the final phase of consultations from Mr Thomas Pickering, the UN Ambassador.

In the past week, Mr Baker has engaged in a strenuous lobbying effort to gain as many votes as possible to "internationalise" the conflict.

By pointing to the support of the Soviet Union and other countries, he Mr Baker hopes to avoid the conflict being cast as the US against President Saddam.

However, some officials said they were sceptical about assertions that the US had mustered more than a required majority of nine votes for a resolution in those terms.

"They may have to settle for what they can get," one official said.

US officials calculate they have at least 10 secure votes, and are pressing to bring the tally to 12 or 13 in favour.

Cuba and Yemen are rated at best as abstentious, although one official said the US would probably "take a shot" at persuading its old adversary, Cuba, to support the resolution.

If passed, the resolution would amount only to a partial victory for the Washington administration.

Senior US officials had hoped to secure broad UN authority for military action without issuing a deadline to President Saddam which might be used an excuse for further delay.

Bush revives nuclear spectre; US snubs Iraqi plan; British commanders forecast "swift war", Page 4

CONTENTS

Bank credit freeze heightens fears over recession

The warning by Nicholas Brady, the US Treasury secretary, to banks not to choke off credit to business highlights fears that the economic downturn in the US and elsewhere could turn into a deep recession. Page 20

MARKETS

STERLING
New York close (1.9676)
London:
$1.9655 (1.9675)
DM2.9325 (2.9225)
FFr9.885 (9.8525)
SFr2.49 (2.475)
Y253.0 (250.5)
£ index 94.5 (94.3)

GOLD
New York: Comex Dec
$387.1 (384.5)
London:
$387.00 (384.25)

N SEA OIL (Argus)
Brent Jan
$33.175 (30.625)

Chief price changes yesterday Page 23

DOLLAR
New York close
DM1.48725 (1.48665)
FFr5.013 (5.01)
SFr1.2620 (1.26001)
Y128.92 (127.13)
London:
DM1.4920 (1.486)
FFr5.03 (5.0075)
SFr1.267 (1.2595)
Y128.75 (127.3)
$ index 60.3 (60.0)
Tokyo close: Y127.95

US closing rates
Fed Funds $7\frac{1}{2}$% ($7\frac{1}{2}$)
3-mo Treasury Bills: yield: 7.230% (7.23)
Long Bond: $102\frac{5}{16}$ (103)
yield: 8.457% (8.44)

STOCK INDICES
FT-SE 100: 2,151.9 (−18.6)
FT Ordinary: 1,698.6 (−13.6)
FT-A All-Share: 1,035.23 (−0.7%)
New York close
DJ Ind. Av. 2,515.84 (−11.4)
S&P Comp 312.82 (−2.28)
Tokyo: Nikkei 23,762.86 (+362.58)

LONDON MONEY
3-month interbank: closing $13\frac{5}{16}$% ($13\frac{7}{16}$)
Life long gilt future: $87\frac{13}{32}$ ($88\frac{31}{32}$)

EUROPEAN NEWS

Staff strike at US bases in Germany

More than 10,000 workers employed by the US and other military services in Germany staged warning strikes yesterday, demanding new pay contracts and other guarantees as a result of troop reductions in Germany, union officials said, AP reports from Stuttgart.

A US military official said it was not immediately clear if the strikes were affecting movements of US troops and equipment from Germany to Saudia Arabia.

Those movements are being conducted to bolster Western forces faced off against Iraq.

French construction

Growth in the French construction industry is expected to slow to 2.5 per cent in 1990 and 0.5 per cent in 1991, according to Mr Jean Domange, chairman of France's National Building Federation (FNB), Reuter reports from Paris.

"The construction industry should experience the same progressive slowdown seen in the French economy as a whole," Mr Domange told the French financial daily Les Echos in an interview.

He added that: "After 3.5 per cent growth in 1989 and 2.5 per cent expected in 1990, we are only forecasting 0.5 per cent in 1991."

Bulgarian PM fights for political life

By Judy Dempsey

A NATIONWIDE strike called yesterday by Podkrepa, Bulgaria's independent trade union, failed to win mass support and may allow Mr Andrei Lukanov, the prime minister, to remain in power for another few days.

The strike, organised by Mr Konstantin Trenchev, the leader of Podkrepa, was aimed at forcing out Mr Lukanov from office, even though his ruling Bulgarian Socialist Party won a comfortable majority in last June's first free elections.

The strike virtually paralysed transport in the capital Sofia. Support for the opposition Union of Democratic Forces, a loose coalition of 16 political groupings, and Podkrepa is greatest in the large cities.

The Union, which has more than 500,000 paid-up members, said all domestic and international fights had been cancelled. However, a spokesman at the airport blamed stoppages on fog.

At Bulgarian radio, journalists said they had staged symbolic strikes, as had staff at hospitals, where doctors said they would stop work for an hour.

Despite conflicting reports about the success of the strike, Podkrepa said it would continue it until Mr Lukanov's government resigned.

Supporters of Podkrepa trade union join an anti-government rally in Sofia yesterday

It is clear that a battle of wills is taking place between the BSP on one side and the UDF and Podkrepa on the other.

So far, Mr Lukanov has survived a no-confidence vote. Last Friday, 201 parliamentary deputies backed his budget proposals while 159 UDF deputies opposed him.

After the result, the UDF said it would withdraw from parliament, making Mr Lukanov's reform attempts almost impossible.

At issue – and despite the BSP's victory at the elections – is the perception by growing sections of the population that Mr Lukanov is not dismantling the old communist apparatus.

This remains strong in the countryside and in enterprises.

Mr Lukanov has vowed to speed up the reforms, if he receives support from the UDF. But it appears the UDF is determined to continue its opposition at a time when the country is facing its worst food shortages since the Second World War.

Kohl urges industry to help feed Soviet Union

By David Goodhart in Bonn

CHANCELLOR Helmut Kohl yesterday urged his country's industries to join a nationwide campaign to send food to the Soviet Union.

He said President Mikhail Gorbachev had asked him for quick private aid. Bonn has already sent potatoes and other food.

Mr Kohl is sending his closest foreign policy adviser, Mr Horst Teltschik, and experts from five Bonn ministries to Moscow today to investigate what it needs.

According to some German officials, Bonn's food aid will be worth DM560m (£193m).

The Bonn operation, to be modelled partly on the US supply of "care packets" to post-war Germany, is being described as the biggest aid operation since the war.

Emergency aid for the Soviet Union was first mooted in the US earlier this month; several other countries are also planning aid programmes.

Tomorrow, Chancellor Kohl, along with several other prominent German politicians, is due to appear on German TV to appeal for money for the "Help Russia" campaign organised by the magazine, Stern, and by the Care organisation, formed specifically to co-ordinate the aid. Several other German aid bodies are also involved.

Mr Kohl has already stressed that it is vital to ensure efficient delivery of the aid otherwise potential givers will become discouraged. Germans provided a large amount of the foreign aid sent after the Armenian earthquake.

The Bonn government has indicated that it is ready to release some of the DM600m (£207.6m) worth of emergency food supplies that have been stored in west Berlin to be used in the event of another siege of the city.

Mr Gerhard Stoltenberg, the defence minister, has approved of Bundeswehr participation in the transport and distribution of food.

It is planned that Bundeswehr drivers should be armed, for defence against hijack, which could cause problems with the Soviet authorities.

EC ministers balk at Commission's social measures

By Lucy Kellaway in Brussels

THE EUROPEAN Commission yesterday suffered a serious setback in its attempts to build a "social Europe" as a complement to the single market. In their first discussion on the Community's new package of proposed social legislation, social affairs ministers from the Twelve argued that the Commission was acting illegally in the way it was presenting some of the proposals.

At yesterday's council meeting in Brussels a majority of member states reacted badly to a proposal designed to improve the lot of part-time workers, arguing that its legal basis was wrong.

The Commission, which is anxious to see as many of the social affairs directives adopted as soon as possible, had presented it in a form that would only need the support of a qualified majority of member states. Ministers said yesterday that the proposals – like all other EC social measures – had to have unanimous support in order to be approved.

The matter is of central importance to the Commission's so-called "social action programme", as the proposals themselves stand a good chance of being adopted on a qualified majority; on a unanimous basis the chances are negligible.

The UK strongly opposes the content of the directive on part-time work, which insists that such workers should be entitled to the same benefits and conditions as full-time workers. The UK argues this would only succeed in increasing the costs of employing part-time workers. Germany is also concerned that the proposals would be incompatible with its existing social security system.

The opposition from several member states was gleefully noted yesterday by the UK, which has been the most vociferous in its opposition to the EC's draft social policy.

Mr Eric Forth, Britain's junior employment minister, said that there was "a dawn of realisation that there is a lot of serious work to be done" before the directives could be passed.

Gloom in Efta after talks with EC fail

By David Buchan in Brussels

GOVERNMENTS of the European Free Trade Association (Efta) will find it very hard to persuade the people in their countries to accept rules – over which they have little or no control – for a common economic zone with the European Community, a senior Efta diplomat warned yesterday.

Speaking after high-level talks last week failed to produce a political breakthrough, Mr Benedict von Tscharner, Switzerland's ambassador to the EC (the Swiss currently hold the Efta presidency), said it would be "very difficult to present to our parliaments and peoples" a treaty that would affect them directly but give them little say in the treaty's present or future content.

Last week, Efta negotiators tabled demands which Brussels officials complain would virtually amount to replicating EC institutions at the level of the 19 states that would make up the European Economic Area (EEA).

Brussels is keen to offer Efta no more than consultation on the framing of Community legislation – which would form the core of the EEA rulebook – so as to preserve autonomy of Community decision-making.

As a result of this institutional deadlock, a formal review of the complex EEA negotiations by ministers from the 12 EC and seven Efta states now look likely to slip from next week to December 18.

EC plan to save fish stocks

THE European Community's executive Commission is expected to unveil an emergency plan on Wednesday to save EC fish stocks depleted by years of overfishing, EC officials said, Reuter reports from Brussels.

The reasons for action, they argue, have as much to do with economics as ecology – if the seas are fished clean now there will be nothing left to catch in the future.

"We're not cranky ecologists. If we don't change our ways soon, we're heading straight for catastrophe," one commission official said. Top of EC Fisheries Commissioner Mr Manuel Marin's list is a ban on drift nets, the indiscriminate "walls of death" that kill turtles, dolphins and other forms of marine life as well as the tuna they are intended to trap.

But Mr Marin is equally keen to protect commercial species such as cod, haddock, plaice and whiting, the mainstay of the EC's fishing industry, from the devastatingly effective methods of modern fisheries. Huge factory trawlers stay at sea for weeks, using sonar to track shoals and "herd" them towards the boat.

The commission has a system of national quotas to manage fish resources, and offers cash incentives to cut back the estimated 40 per cent overcapacity in the EC fishing fleet.

EC agrees shipbuilding package

By Lucy Kellaway in Brussels

EUROPEAN industry ministers yesterday agreed on new conditions for rationalising and reducing subsidies to the European shipbuilding industry. These will provide for a further three years of protection for shipyards, but under stricter conditions.

Agreement on the directive was complicated by the need to deal with the former east German shipbuilding yards, which in terms of output are the second most important in the Community. However, they are not likely to be able to comply with the EC's new rules.

Despite grumbling from some member states such as Denmark and Holland, which would have liked tougher terms to be applied, the directive leaves the way open for special treatment for the east German yards.

It acknowledges the particular difficulties of the east German shipbuilding industry, but says that it is not yet clear how much aid would be justifiable. The yards have no published accounts and it is not clear how many of its Comecon orders will be respected.

The Commission is to consider the matter once the facts are known, and will then invite a submission from the German government on its plans for the industry.

The new scheme – the seventh EC shipbuilding directive – will run for three years and replace the existing one, which expires at the end of 1990.

It provides for a steady reduction in subsidies, although the precise level is not laid down in the directive itself but set periodically by the Commission.

Next month Brussels will decide on the level for next year, which is likely to be cut from 20 per cent to between 11 and 15 per cent.

Problems seen for east Europe in fostering entrepreneurs

By John Wyles and Sari Gilbert in Rome

FT CONFERENCE

BUSINESS IN EASTERN AND CENTRAL EUROPE

THE BASIC problem involved in the passage of east European economies from state to private ownership is to encourage the emergence of an entrepreneurial class, Mr Guido Carli, Italy's Treasury Minister, told an FT conference here yesterday.

In a keynote address on the political and economic scene in Europe over the next 10 years, he stressed the difficulties which would arise in east European countries as social inequalities emerged.

Economic and monetary union in western Europe would become the fulcrum of the continent's development in the next decade, said Mr Carli, because it would be "a point of certainty." As a result of moving to a single currency based on the Ecu, the European Community would have such a central role in international monetary affairs that the question could arise of relocating in Europe some of the post-war monetary insitutions such as the World Bank and the IMF.

Mr Gustav Bager, director general of Hungary's finance ministry, forecast that the privatisation process in his country would be dominated by foreign investment in the first half of the decade. In the second half, however, it would be driven principally by Hungarian owners and managers and, "more critically, entrepreneurs."

Foreign investors had been given fulll legal protection and also the possibility of majority ownership of joint ventures. At the same time, trade was being progressively liberalised so that by next year 93 per cent of convertible currency imports would be able to enter the country without an import licence.

Reporting on Poland's economic adjustment programme, Professor Karol Lutkowski, an adviser to the deputy prime minister, listed the achievements so far as a broadly liberalised price system with drastically reduced subsidies, equal tax and credit systems in all economic sectors, abolition of rationing, and the domestic convertibility of the zloty on the current account together with the removal of quantitative restrictions and drastic tariff reductions.

Dr Karla Trdlicova, of Czechoslovakia's Institute of Economics, stressed the unfavourable political and social background to economic reform in her country. There was a widespread fear of inflation and unemployment, resistance to working harder to maintain the previous standard of living, and tensions created by the separatist movement in Slovakia.

Evidence was emerging of a possible loss of confidence in the economic situation, said Dr Trdlicova who cited a steep decrease in the savings ratio and a high propensity to spend on durable goods, jewellery and property.

Dr Felice Gianani, general manager of the Italian Bankers Association, also spoke in the morning session.

A note of caution was introduced by Sir Alan A. Walters, professor of economics at Johns Hopkins University, Baltimore, and a director at Putnam, Hayes and Bartlett Inc.

He began by saying that the 500-day plan of Russia's President Boris Yeltsin to turn the Soviet Union into a market economy was highly unfeasible and that 500 weeks, more or less a decade, would be a far more realistic estimate, "if all goes well."

He listed monetary overhang and therefore repressed inflation, the absence of a real price system, an unmanageable monopolistic industrial structure, and the lack of capital markets as the main problems affecting the area's economies. He added that, at present, in many Eastern European countries there was a vast difference between the existing legal framework and reality.

Mr Paolo Cantarelli, managing director of Fiat Auto, illustrated the viewpoint of private industry. Assuming that consumption standards would gradually approach those of the west, the number of potential consumers in eastern Europe meant the opportunities for market development were substantial. At the moment, however, a variety of difficulties existed, primarily of understanding for a world "in which the rules of the game are still lacking". Mr Cantarelli pointed out that changes in the economic and legislative field were unlikely to be as radical and rapid as recent political developments.

Therefore, he said, high growth potential in the automobile market is likely to develop over the long term rather than in a more immediate period.

Yesterday's session was concluded by the Sir Frank Cooper, director of N.M. Rothschild, who addressed the issue of western bankers and the emergent market economies. Sir Frank said that the establishment of effective and transparent banking regimes in central and eastern Europe was "critical" to the establishment of the confidence needed for banking relations to prosper.

But internal macro-economic realities, such as falling GNPs, inflation, low domestic savings, and soaring unemployment, would inevitably also "weigh heavily" on the foreign investor's mind.

Internal and external difficulties were offset by a series of positive points such as the area's high education standards, its broad social equality, and its tradition of discipline. In addition, vast financial resources were to be made available by western governments and international financial institutions.

Western bankers would, therefore, hardly be able to ignore the vast development potential created by the need for financial and technical advice, the "extraordinary demand" for infrastructure development, and the growing trend toward privatisation which, in eastern Europe, would be the major "barometer of economic transformation".

The Financial Times (Europe) Ltd
Published by the Financial Times (Europe) Ltd., Frankfurt Branch, (Guiollettstrasse 54, 6000 Frankfurt-am-Main 1; Telephone 069-75980; Fax 069-722677; Telex 416193 represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, R.A.F. McClean, G.T.S. Damer, A.C. Miller, D.E.P. Palmer, London. Printer: Frankfurter Societaets-Druckerei GmbH, Frankfurt/Main. Responsible editor: Sir Geoffrey Owen, Financial Times, Number One Southwark Bridge, London SE1 9HL. The Financial Times Ltd, 1990.

Registered office: Number One, Southwark Bridge, London SE1 9HL. Company incorporated under the laws of England and Wales. Chairman: D.E.P. Palmer. Main shareholders: The Financial Times Limited, The Financial News Limited. Publishing director: J. Rolley, 168 Rue de Rivoli, 75044 Paris Cedex 01. Tel: (01) 4297 0621; Fax: (01) 4297 0629. Editor: Sir Geoffrey Owen. Printer: S.A. Nord Eclair, 15/21 Rue de Caire, 59100 Roubaix Cedex 1. ISSN: ISSN 1148-2753. Commission Paritaire No 67808D.

Financial Times (Scandinavia) Ottiliavej 42A, DK-1161 Copenhagen-K, Denmark. Telephone (33) 13 44 41. Fax (33) 935335.

Rail workers begin strike in east Germany

By David Goodhart in Bonn

MOST OF east Germany's 250,000 rail workers yesterday downed tools, in the first serious strike since German unity. The stoppage, which threatens to be the first shot in a lengthy dispute, is in support of demands for no redundancies and for wages be raised to 50-60 per cent of the west German level.

Despite a round of pay rises soon after monetary union in July pay levels in east Germany average 40-45 per cent of west German levels.

Support for action could grow in the new year, after subsidies for rents and heating are removed. The all-German rail union claimed 97 per cent of its east German members were supporting the action.

Average monthly pay on east German railways is between DM1,100 (£380) and DM1,500, (£519) compared with DM3,000 (£1,038) to DM3,500 (£1,211) in west Germany. The east German rail system currently employs 250,000 people on 14,000 kilometres of track, compared with 230,000 west German rail workers on 27,000 km; a major round of redundancies is expected.

● Chancellor Helmut Kohl yesterday chaired a meeting of German business leaders, designed to promote swifter investment in east Germany, the fourth such this year. The IFO economic institute in Munich believes that DM22bn will be invested next year by west German companies.

Mr Otto Lambsdorff, the Free Democrat leader, said business needed real incentives. He also complained about the Christian Democrats' decision to postpone to 1994 a cut in corporate tax levels.

German business pays one of the highest rates of corporate tax in the world and a reduction, aimed to improve German competitiveness prior to the EC single market, had been planned to take effect from next year. The reduction would have saved business about DM25bn a year.

But at the end of last week Mr Michael Glos, finance spokesman of the Christian Democrat/Christian Social Union group in the Bundestag, said that the tax reduction would have to be postponed until the legislative period beginning in 1994.

Chemicals region puts its hope in Kohl

Leslie Colitt finds a 'Chancellor bonus' still paying dividends in depressed Merseburg

IN THE soot-blackened heart of the former east German chemicals industry – as elsewhere in the five new eastern Länder – the result of the first all-German general election next Sunday seems a foregone conclusion.

"We are not even conducting an election campaign in the western sense," admitted Mr Wolfgang Janka, deputy president of Merseburg district. Mr Janka is a member of Chancellor Kohl's Christian Democrats (CDU), which romped to victory in east Germany's three previous elections this year.

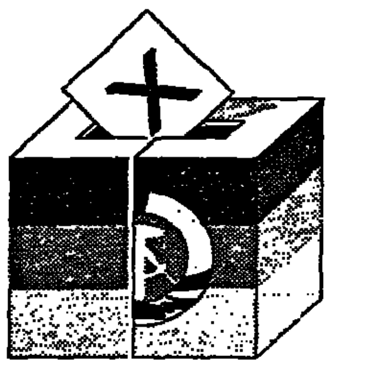
Even in Merseburg, a prewar Socialist stronghold, the CDU captured 31 per cent in local elections last May, against the Social Democrats' 21 per cent. The vote mirrored the result countrywide.

"We are still operating with a Chancellor bonus," said Mr Herwig Hübner. He is the CDU mayor of Merseburg, a town of 45,000 situated in the similarly named district of 118,000 and located midway between Halle and Leipzig in the recreated Länd of Saxony-Anhalt.

Typically for local politics in the east, he heads a grand coalition of parties in the town assembly. Mr Hübner fears the "Kohl dividend" could be whittled away in this ravaged industrial heartland of east Germany, where infants suffer acute respiratory illnesses and the cancer rate is far above average.

Just as the hopes of ordinary east Germans are fixed on Mr Kohl and his promise of prosperity, so Merseburg and every town and district in east Germany relies almost entirely on funds from Bonn for survival.

This dependence is unlikely to decrease in coming years, as the largest employers and potential taxpayers in



German elections

Merseburg like every other town and district in east Germany relies almost entirely on funds from Bonn for survival. This dependence is unlikely to decrease in coming years

Merseburg district, the Buna and Leuna chemicals giants, are piling up huge deficits and face a highly uncertain future. Most of their more than 40,000 employees are on short-time work, which will end next June when they are likely to join the ranks of the unemployed.

Mr Herbert John was elected president of Merseburg district last June and is the only head of an east German district to belong to New Forum, the movement which helped topple the Communist regime last autumn.

In his cluttered office in ancient Merseburg Castle, replete with a parrot – "no room for the bird in my one-and-a-half-room flat" – Mr John (41) warned that a "gigantic political time-bomb" was ticking away in the district.

His prediction was that if the Bonn government was not prepared to assume the debts of the chemicals plants and the decontamination of their sites, the costs of which will run into many billions of D-Mark's, western chemical companies would not begin to consider investing in the area and the once proud east German chemicals industry would collapse.

Many chemical workers were originally bricklayers, mechanics and electricians who could easily find employment in smaller new companies. But these do not yet exist.

According to Mr John, prospective entrepreneurs were unable to obtain property as the regional Treuhand, the agency in charge of privatisation, in Halle was too slow in approving transactions. His is a complaint heard across east Germany.

Thus, a growing number of people in Merseburg district, as elsewhere in the east, now commute to work in west Germany, returning at weekends.

Merseburg officials revealed an ambitious infrastructure project which could create jobs but requires heavy financing from the west. They want to recultivate a desolate moonscape in the west of their district which was created by decades of open-cast brown coal mining.

The east German chemicals industry was based on highly-polluting brown coal to produce petrol at Leuna, originally built during the First World War as an ammonia plant, and synthetic rubber at Buna, built in 1936 by the Nazis.

A gaping hole, 100 metres deep, 12 kilometres long and 4 km wide, is all that remains of 16 villages which were razed to make way for the gigantic bucket-wheel coal excavators. Filling the hole with water from the Saale River would create one of the largest lakes in Germany and cost an estimated DM800m (£276m). The reclamation scheme would provide jobs in the construction industry and an attraction in the land-locked southern part of east Germany.

The idyllic eastern part of Merseburg district is dotted with castles which could be converted to small hotels. It contains the magnificent former spa of Bad Lauchstädt which has a restored wooden theatre and opera house designed by Goethe.

Investment in roads, clean air and water, repairs to dilapidated villages and restoration of the ancient centre of Merseburg, would be needed to turn the region into a haven for the gentler forms of tourism. But Bonn is already struggling with escalating public deficits connected with emergency spending for east Germany.

Outlook for champagne goes flat

By William Dawkins in Paris

FRANCE'S champagne producers recorded a sparkling increase in profits and sales last year, but their immediate future looks flat, warns a Bank of France study.

Sales of the country's top 72 champagne houses rose by an average of just over 12 per cent in 1989. But the report warns that producers face a slowdown or even a complete stop to growth. The French held their position last year as the leading race of champagne drinkers, representing 62 per cent of the world market.

The breakdown earlier this year of the traditional agreements, under which growers undertook to supply a pre-arranged proportion of the crop to champagne houses, plus a smaller than expected harvest this year, has pushed up grape prices sharply.

Added to last year's crop shortages, this is likely to lead to increases of 10-20 per cent in the price of champagne, fear leading producers.

The study also highlights the diminishing number of small family-owned champagne houses, increasingly being taken over by more larger and profitable groups able to fund the high investment and export costs needed.

System faces radical treatment

Part-private prescription for Czechs' disease of the centre

HEALTH IN EASTERN EUROPE

IF ECONOMIC reconstruction is the first priority in formerly communist countries such as Czechoslovakia, reform of corruptly-managed and cash-starved social welfare services must come a close second.

In Prague, the task of improving without cost the quality of health care has fallen to Mr Martin Bojar, a 43-year-old neurologist and Civic Forum activist from Charles University. On a recent visit to London, he explained the nature of Czechoslovakia's health care dilemmas and discussed some radical options for reform.

Some of his ideas – such as

Some of the ideas for a costless overhaul are far more radical than anything being considered for the British NHS, writes Michael Prowse

the introduction of mandatory health insurance and a big expansion of private medicine – appear far more radical than anything considered in the UK.

Czechoslovakia spends nearly 4 per cent of national output on health care, a high proportion given the low overall standard of living. But this expenditure, which has risen rapidly in recent years, appears to buy little.

Mortality rates are among the highest in Europe – higher even than in Poland or the Soviet Union. Life expectancy at birth is five or six years lower than in western Europe.

As in the rest of eastern European, such grim statistics are partly a consequence of heavy industrial pollution and unhealthy lifestyles. But they also reflect the way health care has been organised during the communist decades.

Like all other aspects of social and economic life, the medical profession was subject to totalitarian control. In a paper advocating reforms, Mr Bojar and others argue that state monopoly undermines the motivation of health workers and dehumanises the service. The fact that loyalty to the Communist Party, rather than ability or hard work, was the main factor determining promotion has had disastrous implications for the calibre of senior personnel.

Motivation was also impaired by salary structures. Mr Bojar, as a deputy head of department at a prestigious medical school, earned Kcs3,300 (£71) a month, the average for unskilled industrial workers.

Inefficiency on the supply side was matched by inequity in the distribution of care. In theory, Czechoslovakia's national health service offered free treatment on an equal basis to all citizens regardless of their income or rank.

The reality was different, with relatively prosperous regions and privileged groups – such as party officials and the army – monopolising a disproportionate share of resources.

In practice, it was not possible to prevent private medicine because doctors supplemented their incomes by selling treatment in an extensive black-market.

In the short term, Mr Bojar plans three reforms, which he claims enjoy widespread support. The first is to improve the motivation of general practitioners by basing their salaries on a capitation formula. This is intended to make them compete harder for patients.

The second is to allow workers to take time off for minor illnesses without queuing for a doctor's certificate. Some workers may abuse their new freedom, he says, but doctors will have more time to concentrate on important tasks.

The third reform is to legalise the blackmarket in health care. Activity outside the state sector cannot be prevented, says Mr Bojar, but it can be regulated and taxed. It is also a convenient way of raising the income of hospital doctors.

In the longer term, a radical transformation of Czech medicine appears likely. Objectives include an expansion of primary care relative to the hospital sector (a goal in many western countries) and the elimination of state monopolies in all sectors, including the manufacture of drugs and equipment and the training of health workers.

In formulating reforms, Mr Bojar intends to poach some of the best ideas from the more successful western health care systems. Britain's National Health Service is certainly not seen as a model. Indeed, Mr Bojar points out that Britain's post-war government sent a delegation to Prague in 1946 to find out how a state health system could be run. The NHS is thus at least partly modelled on the system Mr Bojar is struggling to reform.

The big question is the extent to which Czechoslovakia will rely on market forces in health care. In the short run, Mr Bojar expects private medicine to account for 5 to 10 per cent of the Czech health care market. But in the medium term he would not be unhappy if it accounted for as much as 20 per cent – a far bigger share than seems likely in the UK.

He is also keen to introduce a mandatory system of health insurance. In Prague, this is regarded as a more transparent and efficient method of financing care than direct public subsidies.

A booklet on reform recently published by the Czech health ministry says that health insurance (whether organised by the state or private bodies) is the best system because it defends the interests of citizens, motivates individuals to care about their own health, and gives institutions incentives to provide high quality services.

Mr Bojar does not rule out the introduction of several tiers of health insurance, so that those willing and able to pay higher premiums would receive a better standard of care. In the British debate about the future of the NHS, even right-wing reformers were unwilling openly to recommend such an unegalitarian option.

Concern in Tokyo over year's largest corporate failure

By Robert Thomson in Tokyo

THE FAILURE yesterday of Kyowa Corporation, a Japanese steel frame builder with heavy property exposure and outstanding debts of Y150bn (£590m), has heightened concern that many small and medium-sized companies will fall victim to softening property prices and tighter controls on real estate related lending.

Kyowa, an unlisted company, filed for protection yesterday with the Tokyo district court in the largest bankruptcy this year, although government officials expect the case will not be the last among companies which have diversified from core businesses into property development.

Meanwhile, Mr Yasushi Mieno, the governor of the Bank of Japan, said yesterday that a package of tax and monetary measures is needed to bring land prices down. He said that attention should be placed not on the present downturn, but on ways of ensuring that prices fall further.

Mr Mieno has previously said that he would welcome a gradual fall in land prices. The present price weakness is most evident in the condominium market, with a slump in second-hand prices, and a decline from 90 per cent to around 60 per cent this year in the proportion of units sold within a month of being offered for sale.

Kyowa's problems apparently arose from its housing and golf course development projects, as the company reported that the steel frame business has remained strong.

An official at Teikoku Data Bank, a credit research agency, said that Kyowa had been

Mieno: package needed

undermined by the sharp rise in interest rates over the past year and increased Ministry of Finance restrictions on real estate lending. The company's demise appears to be typical of the fate facing other small and medium-sized non-property companies which attempted to profit from Japanese property boom in recent years, but which are vulnerable in the changed financial conditions this year.

"There will certainly be more cases like this.

"The real question is whether a listed company will go under. At the moment there are doubts about a couple of companies, but they could get through okay," a property specialist at a British securities house said.

Problems could reach a critical point early next year, as construction companies have rushed to fulfil outstanding contracts in recent months, with condominium starts up 65 per cent in September.

Keidanren chairman, 79, to resign amid age row

By Stefan Wagstyl in Tokyo

MR Eishiro Saito, 79, chairman of the Keidanren, the Japanese employers' federation, yesterday announced his intention to resign next month after almost five years in office.

His successor will be Mr Gaishi Hiraiwa, 76, a vice-chairman, who first challenged Mr Saito for the chairmanship in 1986 and has made no secret of his ambitions ever since.

Mr Hiraiwa will face a tough challenge trying to rejuvenate the Keidanren, which has seen its influence decline in recent years as individual Japanese companies have grown wealthier, more powerful and more self-confident in their dealings with the government.

He is chairman of Tokyo Electric Power, the electricity company. A graduate of the law department of Tokyo University, the *alma mater* of many of Japan's top businessmen, he joined Tokyo Electric Power in 1951. He was president from 1976 to 1984 and has been chairman since then. He became a vice-chairman of the Keidanren in 1978.

Mr Hiraiwa has strong links with the UK, partly through establishing contracts for the reprocessing in the UK of Japan's nuclear waste. He was made an Honorary Knight Commander of the Order of the British Empire in 1987.

He had hoped to take over earlier this year when Mr Saito's second two-year term in office was ending but was forced to retreat in the face of Mr Saito's refusal to retire. Mr Saito, who is also chairman of Nippon Steel, secured a third term, declaring "no marathon runner would think of retirement before he starts a race". Mr Saito was particularly annoyed by calls that he should give way to a younger man. However, he had also been criticised for inadequate leadership during the country's Recruit scandal in which Japanese business ethics were called into question.

It now appears that he may have decided then to remain in office only a few months longer, to dispel any suggestion that he had been pushed out sooner than he wanted to go.

Mr Saito's resignation and Mr Hiraiwa's appointment are to be endorsed at a general meeting next month.

The same meeting is expected to support rule changes limiting to 70 the age at which chairmen and vice-chairmen can be inaugurated. Mr Saito said yesterday: "Since I am 79 years old and the new rules aim at rejuvenation I decided to take the initiative."

Chinese dissidents face treason charges

By Our Foreign Staff

THE Chinese authorities have charged two alleged leaders of last year's pro-democracy movement with plotting to overthrow the government, a crime punishable by death.

Chen Zeming, publisher of the now-banned Economic Studies Weekly, and Wang Juntao, its editor, face the most serious charges to be brought so far against people involved in the pro-democracy movement.

Relatives of the two men have received notices that Chen and Wang had been accused of "plotting to overthrow the government and counter-revolutionary incitement". Hou Xiaotian, Wang's wife, had been campaigning for his release.

The government's move, more than a year after the two men were arrested, indicates its desire to wrap up remaining cases from the protest movement.

The government is said to be preparing to hold trials for alleged ringleaders of the 1989 protests, which began with student marches in Peking in April that year.

The movement was crushed when the army opened fire on protesters in Peking on June 3, killing hundreds. Contrary to official claims that only a handful of dissidents remain in jail, the human rights group, Asiawatch, believes China still holds 960 prisoners of conscience.

Hundreds of protesters have been sent to labour camps, a punishment that requires no trial. Dozens of others have been tried secretly, and at least 18 are known to have been executed.

Wang Juntao has been in China's main political prison, Qincheng, north of Peking, since his arrest in Guangzhou late last year.

He is vilified more for his biting appraisal of the regime's weakness than any physical act of rebellion.

China's economic zones win praise

MR Jiang Zemin, general secretary of China's Communist Party, yesterday indicated Peking's continuing support for selective economic reforms when he praised the work of five special economic zones set up in southern coastal areas in 1979-80, John Elliott writes from Hong Kong.

Mr Jiang said that the zones' success showed that policies of opening up the economy were correct. He was speaking at a tenth anniversary ceremony in Shenzhen, the most capitalist zone, which abuts Hong Kong. But he excluded any mention of further reforms in the zones. This was a blow for Shenzhen, which had hoped to open a stock exchange.

Cambodia deal

Hun Sen, Cambodian prime minister, has rejected proposals that government should be passed to United Nations peacekeepers as outlined in a draft peace accord approved by foreign powers in Paris at the weekend, Reuter reports from Bangkok.

● THE MIDDLE EAST

Bush administration revives nuclear spectre

By Peter Riddell, US Editor, in Washington

PRESIDENT George Bush and his senior advisers have been making increasingly strong warnings in the past few days about the dangers of Iraq's possession of nuclear weapons – even talking of the possibility that Iraq may have a crude device within months.

However, several specialists in nuclear proliferation believe that the administration is exaggerating the immediate dangers.

Mr Bush told US forces in the Saudi desert last Thursday that those who measured the Iraqi nuclear timetable in years "may be seriously underestimating the gravity of the threat".

On Sunday, Mr Brent Scowcroft, the president's national security adviser, quoted estimates ranging from months to as much as 10 years. He said that allowing sanctions to run for a year or two years raised the possibility the US could face a nuclear-armed Iraq.

Mr Dick Cheney, the defence secretary, said the estimates ranged from a worst case assumption of a year or less for having some kind of crude device, to between five and 10 years for having a deliverable weapon.

To back this claim, Mr Cheney said Iraq had made efforts to develop the capacity internally to produce highly enriched uranium, a prerequisite for being able to produce a nuclear device.

Mr Cheney said that such a device "wouldn't be anything you could deliver from an airplane, it wouldn't be anything that could be weaponised, but it would be capable of doing some damage, of producing some kind of yield, a very crude system."

The administration's greater emphasis on this point comes in part because the Iraqi nuclear threat is by far the justification for military action most acceptable to the US public: some 54 per cent believe that preventing Iraq from acquiring nuclear weapons is a good enough reason to take military action, according to a New York Times/CBS poll.

The general view is that it will take long to develop a deliverable device. The most pessimistic Israeli assessment is that Iraq will need at least two years to begin warhead production and most analyses suggest that Iraq still faces big technical problems in creating a nuclear arsenal, which could take five or more years to overcome.

Yet there is general agreement that by the mid-1990s Iraq could have developed a nuclear arsenal and, moreover, the long-range missiles to pose a threat not only to Israel and the Middle East but also to parts of Europe.

Consequently, destruction of Iraq's missile and nuclear capacity will be a priority of any attack.

And even if Iraq does meet the conditions of the existing United Nations Security Council resolution and withdraws from Kuwait, the US will press for action to deal with the acquisition of such weapons.

Eduard Shevardnadze, the Soviet foreign minister, right, in discussions with Tariq Aziz, his Iraqi counterpart, in Moscow yesterday

MOSCOW WARNS BAGHDAD OVER RENEGED HOSTAGE DEAL

THE Soviet Union yesterday warned it would toughen its attitude towards Baghdad unless Soviet nationals detained in Iraq were freed, Our Foreign Staff writes.

The warning came as Moscow hosted a fresh round of talks before Thursday's UN Security Council meeting to discuss a resolution backing the use of force against Iraq. Mr Vitaly Churkin, Soviet foreign ministry spokesman, said that if Iraq did not allow the remaining 3,000 Soviet detainees to leave "this will complicate the present situation even further and force us to take a tougher attitude."

The spokesman claimed Iraq had reneged on a deal, reached last month between President Saddam Hussein and Mr Yevgeny Primakov, the Soviet envoy, to free all Soviet hostages. Only 350 had in fact been freed, Mr Churkin said.

Yesterday Mr Eduard Shevardnadze, the Soviet foreign minister, met Mr Tariq Aziz, his Iraqi counterpart, to discuss evacuation plans for the Soviet hostages and implementation of UN Security Council resolutions against Baghdad.

Mr Shevardnadze is due to fly to New York for Thursday's Security Council meeting, at which the US is pressing for a resolution backing the use of force against Iraq unless it withdraws from Kuwait within a specified period. Prince Saud al-Faisal, the Saudi foreign minister, will meet Mr Shevardnadze in Moscow on the eve of the UN meeting.

Meanwhile, Mr Saddam yesterday agreed to free three US citizens in response to a plea from their relatives.

Robert Taylor in Stockholm adds: Iraq's parliament yesterday agreed to free all 58 Swedes held in the country after a letter to Mr Saddam from Mr Ingvar Carlsson, the Swedish prime minister.

Mr Carlsson said that Sweden "wanted to work for a peaceful solution" to the Gulf crisis but said it was "difficult to do so as long as Swedes were being held in Iraq against their will".

British commanders forecast a 'swift war'

BRITAIN's top military commanders yesterday predicted a "swift war" against Iraq and they played down the threat posed by the deployment of additional Iraqi forces to the front, Tony Walker writes from Riyadh.

Lt Gen Sir Peter de la Billière, commander of Britain's forces in Saudi Arabia, predicted the conflict would be over in days or weeks, and questioned the quality of the additional 250,000 troops Iraq says it is sending to confront the US-led multinational force.

"I think it will be a swift war," he told a news conference in Riyadh. "We're not out there to fight a long operation. That is why we have not prepared to become involved until we're quite satisfied we've got enough forces in theatre to complete the task swiftly."

He left no doubt that in the event of war Iraq would be subject to devastating air strikes and artillery barrages.

Air Chief Marshall Patrick Hine, the commander in chief of UK air forces, said the proposed UN resolution backing eventual force against Iraq, to be debated by the Security Council this week, would help to focus the attention of Iraqi President Saddam Hussein on the need to respond quickly to international demands for his unconditional withdrawal from Kuwait.

Gangs threaten Israelis employing Arabs

By Hugh Carnegy in Jerusalem

THE ISRAELI authorities yesterday moved to halt a wave of violent intimidation in Jerusalem by Jewish extremists who have been trying to force Jewish shop owners to stop employing Arabs.

The extremists' campaign, evoking memories of anti-Jewish moves in pre-war Germany, has appalled mainstream politicians.

Shops in several Jewish neighbourhoods announced they had sacked their Arab workers and displayed specially printed signs declaring: "No Arabs employed here." This followed threats against them by members of the extremist Kach movement founded by Rabbi Meir Kahane, who was murdered in New York earlier this month.

One vegetable store owner, who fired five Arabs but continued to employ a sixth, had his premises burnt out on Sunday. A Jewish butcher who was stabbed recently by a Kach activist while defending one of his Arab employees later sacked them and posted a "No Arabs" sign, saying his livelihood was threatened if he refused.

Yesterday three leading Kach figures were arrested by police, allegedly in the act of intimidating shopkeepers. Mr Dan Meridor, the justice minister in the right-wing government, said the police would do everything to stop the intimidation.

"To each one of us who has learnt something in the history of the Jewish people it is a reminder of very harsh pictures from our own past," he said.

The Kach campaign followed calls by several government ministers for many of the thousands of Arabs from the occupied territories employed in Israel to be replaced by Soviet Jewish immigrants and demobbed conscripts who cannot find employment.

US snubs Iraqi plan to avoid 'accidents'

By Lamis Andoni in Amman

AS the US rallies support for a UN resolution to authorise the use of force against Iraqi troops in Kuwait, Iraqi officials say they are still awaiting a reply to a proposal to avoid accidental military conflict in the Gulf.

The Iraqi proposal, first conveyed on August 21, urged the US to agree to a meeting of experts from both sides to prevent accidental air and naval clashes that might trigger a war.

US officials confirmed receipt of the Iraqi memorandum but said Washington, suspecting that President Saddam Hussein would seek to blame the US in case of an accident, chose to ignore the request.

From the Iraqi viewpoint, the US is deliberately ignoring the suggestion in order to have a pretext to strike. In its memorandum, Iraq implied that it was seeking to update a previous bilateral deal signed in 1987, three months after Iraqi warplanes accidentally hit the USS Stark in the Gulf and killed 37 servicemen.

Both sides refuse to reveal the provisions of the 1987 agreement, but a western military analyst in the region said yesterday that under the accord, signed during the Iran-Iraq war, Iraqi pilots would give a special call signal identifying themselves to American warships without alerting the Iranian forces.

The set-up, however, is no longer valid following the end of the Gulf war in 1988 and the dramatic shift in regional alliances after the invasion of Kuwait.

The Iraqis, in their memorandum, said they were ready to discuss a new arrangement for the Gulf crisis, but the US is reluctant to enter into bilateral contacts or give away any information about the deployment of US forces.

"Such agreements involve an exchange of information which does not seem possible at this stage of relations between Iraq and the US," said the analyst.

The Iraqi note was in response to a US warning to Iraqi armed forces to stay clear of US ships in the Gulf and that the illumination of US ships and aircraft by Iraqi radar would be considered a hostile act.

Philippines growth slows down sharply

PHILIPPINE economic growth slowed sharply in the first nine months of 1990, with manufacturing output growth below half its 1989 level, Reuter reports from Manila.

Confirming a sharp downturn in the economy, the National Statistical Co-ordination Board said growth in real gross domestic product fell to 2.8 per cent in the first nine months, compared with 5.6 per cent in the same period last year.

The manufacturing sector, hit by an electric power shortage in the second and third quarters, grew by just 2.5 per cent against 6.07 per cent.

Mr Jesus Estanislao, the finance secretary, said at the weekend that he expected growth in real gross national product to be around 3.5 per cent for the full year, against 5.7 per cent last year.

He projected growth would fall further to under 2.5 per cent in 1991.

A team from the International Monetary Fund has been in Manila to draw up a new funding agreement with the Philippines.

Meanwhile, an opposition senator, Mr Ernesto Maceda, who is chairman of the Senate defence committee, called on President Corazon Aquino to "do a Thatcher" and resign immediately.

Mrs Aquino says she will not stand again, but will finish her term in spite of the deteriorating economy and threats from army dissidents to oust her. Elections are 18 months away.

Taiwan bull market consternation

Rebounding shares are raising new fears, writes Peter Wickenden

A DAILY phone-in programme on Taiwan's national radio station aired a call this week from a worried factory owner. The man complained that his workers were again becoming lazy and distracted, and finding excuses to skive off the job. It was a problem he had hoped was a thing of the past.

The workers were to be found, he lamented, in the local stock brokerage, gazing excitedly as the numbers turned red across the wall of monitors and milling at the counter to place their orders.

Much to the consternation of employers, government officials and prospective foreign investors, the Taiwan stock market appears to be soaring again. After an eight-month, 80 per cent slide from 12,682 points in February to 2,520 points on October 1, the index has rebounded by 83 per cent in the last seven weeks. On Thursday it barged its way through the 4,500-point resistence level where analysts said strong profit taking must be triggered, and added another 6 per cent to complete 10 straight days of gains.

The market is reacting to recent easing of liquidity by the central bank after a year and a half of tight measures to restrain money supply growth. Extra funds channelled to local banks were intended to help small companies get over a period of slumping exports and general economic slowdown in the first half of the year. But a lot of the money found its way into stocks when the market

price/earnings ratio had dropped to a reasonable 20 after nearing the 100 mark over the past year.

The economy was in poor shape, with declining output and export growth and rising inflation well before the Gulf crisis began in August. But if the government's figures for the second half are correct, the effect of the oil price rise has been small, and some officials are claiming the economy is already on the mend.

Exports have risen for three months in a row and export orders in October were 16 per cent up on October last year. They have been given a belated shot in the arm by a 5 per cent depreciation of the Taiwan dollar against the US dollar this year, and a larger fall against other major currencies.

An expectation that the Taiwan dollar must rise again, coupled with swelling overseas investment, has brought foreign exchange reserves from their two-year low in July of US$63.6bn to more than US$70bn in November. A large jump in the new Taiwan dollar yesterday suggests that "hot money" is now coming in to ride the stock market rally while it lasts.

The consumer price index rose by 3 per cent in September and had been expected to rise by more than 6 per cent in October as oil price increases filtered through. Instead it fell 2.1 per cent. And after six consecutive months of decline, industrial production saw gains in September and October.

A steady stream of good economic news has come on top of more stable politics in the second half, and a noticeable improvement in law and order since former General Hau Pei-Tsun took over as premier in the spring. In the latest in a series of crime sweeps, the police this week hauled in the last man on the list of Taiwan's 10 most-wanted criminals.

Although many industrialists and private economists do not agree that the economy has bottomed out, there has been a rekindling of investor confidence. The several million small investors, who had made liberal use of illegal margin loans and were caught as the market slid, now see some hope of recovering at least some of their losses.

The big players turn their attention to a different industrial sector each day in an attempt to attract more and more capital back to the market, and individual investors cannot resist the temptation, says Gary Yu of Grand Cathay Securities. Trading volume on the stock exchange has leapt from less than 500m shares a day in August to nearly 2bn shares a day this month.

Mr Dixon Ho of W.I. Carr in Taipei says that the world-record fall has not made individual investors any more cautious or long term in their strategies, and the nature of the market does not appear to have changed. They want their money back quickly; the recovery since August has been peppered with heart-stopping daily falls of up to 5 per cent as punters rushed to take profits and avoid getting caught in another crash. After a period of relative sanity, the volatility is back.

And the government's attempt to increase the influence of steady institutional investment has so far had no effect. Since pension funds were allowed to buy stocks in October, they have only invested a fraction of the sums available.

Fearing that productivity in industry will fall off again and the passion for what the government calls "money gains" is returning, one member of the cabinet has reportedly suggested delaying the planned opening of the stock market to direct investment by foreign institutions. But the Security and Exchange Commission said that the opening would go ahead, probably by the end of this year.

Ivory Coast opposition wins first seats

THE Ivory Coast opposition gained seats in parliament for the first time after an election ending 30 years of one-party rule, but which still ensured a huge majority for President Félix Houphouët-Boigny, Reuter reports from Abidjan.

With most of the votes counted, the opposition had won 10 of the 175 assembly seats. Mr Houphouët-Boigny's ruling Democratic Party of Ivory Coast (PDCI) took 150, an independent candidate won a seat and the remaining 14 were still undecided, according to results from the Interior Ministry.

Turnout was a meagre 30 per cent to 35 per cent of the country's 4.7m voters, far below the 60 per cent who last month gave Mr Houphouët-Boigny, 85, a resounding victory in the country's first contested presidential election.

Opposition leaders claimed people stayed away because they were afraid of the military presence at some polling stations or expected massive fraud by the PDCI. But diplomats and political analysts said the opposition failed to mount an organised campaign and was under-financed.

Africa's longest-serving leader, now in his seventh five-year term as president of the former French colony, Mr Houphouët-Boigny reluctantly authorised multi-party politics after violent demonstrations.

During campaigning the official media hammered on the theme of unity and electing candidates "who speak the same language".

Papua New Guinea accused of atrocities

By Kevin Brown in Sydney

AT LEAST 19 people were executed without trial and more than 50 ill-treated or tortured by Papua New Guinea security forces trying to control a secessionist uprising on the copper-rich island of Bougainville, according to Amnesty International.

In a damning report, Amnesty's Australian branch said yesterday the PNG army and police were guilty of widespread human rights violations, and urged the Australian government to review the use of military aid to Papua New Guinea.

Amnesty said it had well documented evidence that 19 people had been killed in apparent extra-judicial executions, or after being tortured in police or military custody.

"We also received reports that members of the security forces attacked over 40 villages, burning houses, beating and sexually abusing villagers, and killing dozens of people as young as three months," Amnesty said.

Reports of violations of human rights began to emerge shortly after the PNG government launched a counter-insurgency operation against the rebel Bougainville Revolutionary Army (BRA) in early 1989, and increased after a state of emergency was imposed, giving the security forces immunity from prosecution.

Amnesty said victims included journalists, religious workers, politicians, doctors and government workers. The government has taken few steps to stop or investigate the violations, and they have been "virtually condoned" by some ministers and public officials, Amnesty said. Only one soldier had been brought to justice for abuses in the two years since reports surfaced.

Amnesty said there had also been widespread reports of ill-treatment, torture and killings by the BRA, which continued after government forces were forced to withdraw from the island earlier this year. It called for an impartial investigation into all reports of abuses.

The report will anger and embarrass the PNG government, which has previously dismissed reports of human rights abuses on Bougainville. Mr Rabbie Namaliu, the prime minister, said Amnesty's claims that the government had done little to investigate reported abuses were "nonsense".

Foreign investment in PNG's extensive mineral resources has so far been unaffected by the Bougainville crisis, and agreement is expected to be announced shortly for a big oilfield development at Kutubu, to be managed by a consortium led by Chevron.

However, the Amnesty report will add to the difficulties confronting Mr Namaliu's government, which is facing a breakdown of law and order in Port Moresby, the capital, and a constitutional challenge over moves to suspend parliament.

Exports sweeten a shrinking American cake

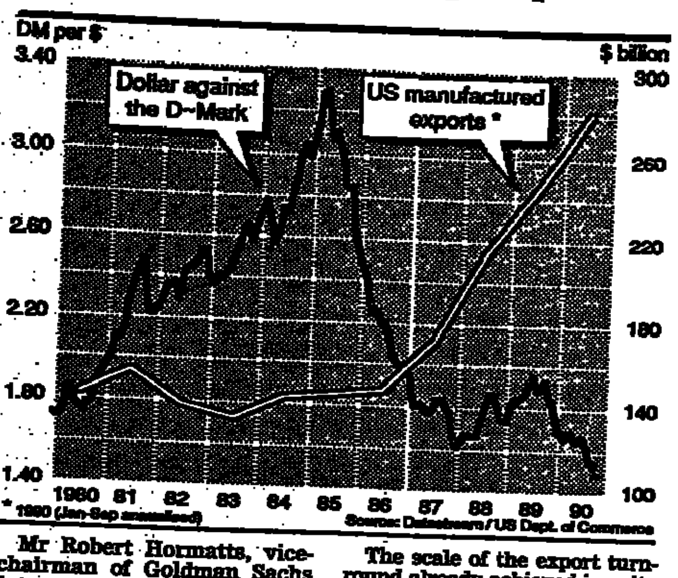
Some economists see trade as the only prospect for recovery, writes Michael Prowse

WITH the dollar touching new post-war lows against the D-Mark almost every week, US manufacturing industry seems to be growing more confident of its ability to compete in world markets.

A recent survey by the National Association of Manufacturers showed that member companies expected the share of exports in total sales to reach 20 per cent by 1993. This represents a doubling of the export share since the early 1980s – a significant development for a business community that has hitherto placed little emphasis on foreign markets. Members said they expected export growth of 8 per cent this year and 25 per cent by 1993.

With the US economy on the brink of recession, forecasts of domestic sales are gloomy. Exports account for a growing proportion of US economic growth: 36 per cent in 1989 and more than 80 per cent in the first half of this year, according to the NAM survey. Some economists now regard exports as the only source of economic salvation.

"Exports provide the only significant prospect for economic recovery," says Mr Fred Bergsten, director of the Institute for International Economics in Washington. The fragility of the banking system will undermine attempts to provide a direct stimulus by lowering interest rates, he adds.



Mr Robert Hormatts, vice-chairman of Goldman Sachs International, is also bullish about exports: "I think we will get a big increase," he says, citing not just the dollar's fall but the likelihood of higher military sales in the wake of the Gulf crisis and the fact that "important trading partners of the US, such as Mexico, are benefiting from higher oil prices".

The US current account deficit peaked in 1987 at $162bn or 3.5 per cent of gross national product. By last year it had eased back to $110bn and most analysts expect further shrinkage in the early 1990s, at least as a share of GNP.

The scale of the export turnround already achieved is quite striking. Between 1980 and 1985 US exports were sandbagged by the soaring dollar and fell 5 per cent in money terms to a nadir of $213bn. By 1989, however, they had recovered to $364bn, an increase of 67 per cent before allowing for inflation.

The NAM survey shows that much of the recovery was centred on traditional manufacturing industry. Exports of machine tools and electrical machinery increased by well over 100 per cent. Exports of basic manufactures – such as paper, textiles, iron and steel and non-ferrous metals – doubled. Exports of chemicals, aircraft and computer and office machines rose by about 70 per cent.

Even a weak sector, such as motor vehicles, saw exports rise nearly a quarter in dollar terms. These big increases in exports, however, were more than matched by higher imports. As a result the overall manufacturing trade deficit (excluding military sales) rose from $101bn in 1985 to nearly $120bn last year.

US manufacturers gained ground in western Europe, sharply reducing the deficit with the EC. But the deficit with both Japan and east Asia widened.

The recovery of US exports reflects two factors: the worldwide economic boom of the late 1980s and the sharp depreciation of the US exchange rate. In mid-1985 the dollar was trading at about DM3.3 and Y270; by late 1987, it had slumped to DM1.65 and Y130.

The dollar rallied during 1988 and 1989 but plunged again this year as interest rates fell in the US and rose elsewhere. This week the dollar was trading at about DM1.47 and Y128. The relative importance of dollar devaluation and faster growth of overseas demand is hotly disputed.

Only a third of the companies in the NAM survey said a big fall in the dollar would lead to a large increase in exports; 40 per cent saw only minor increases while 20 per cent predicted no significant effect.

A spokesman for IBM, the computer manufacturer, says: "The dollar's fall does not have much impact on us because our manufacturing base is so diversified." IBM has 33 factories in 13 countries.

Dow Chemical was also sceptical about the impact of exchange rate fluctuations. Strong overseas sales in the late 1980s reflect a "booming world economy" and high capacity utilisation. It has "nothing to do with exchange rates", says Mr Richard Patterson, a Dow executive based in Washington.

Many economists, however, remain convinced of the benefits of a competitive exchange rate. Mr William Cline of the Institute for International Economics says that in the absence of the 1985-87 dollar correction, the trade deficit was "headed for $300bn or more". He expects the dollar's recent sharp fall to help bring about a reduction in the deficit to about $60bn by 1995 – or less than 1 per cent of GNP. The jury on the dollar remains out.

But one thing is certain: depreciation alone will not save the US economy from recession. Exports still account for only about 12 per cent of GNP; no amount of buoyancy, therefore, can offset a serious slump in domestic demand. At best, exports are likely to remain the icing on an otherwise shrinking cake.

Venezuela draws up business debt plan

By Joseph Mann in Caracas

VENEZUELA'S President Carlos Andrés Perez unveiled at the weekend a government programme to help the country's private sector repay its medium- and long-term external debt.

The plan, which will cost the government an estimated $600m (£306m), should solve one of the problems that has been "distorting the economic process" in Venezuela, the president said.

As it will force many Venezuelan businesses to absorb large foreign exchange losses it is unpopular in the private sector. However, it should end a problem that dates back to 1983, when authorities ordered the first in a series of large devaluations of the bolivar.

Under the programme, companies whose external debts are registered with the central bank will be able to obtain foreign currency at a subsidised exchange rate – 12 bolivars per US dollar, according to Mr Perez – to cover repayment of part of their outstanding principal and interest.

The companies must repay the remainder of their foreign obligations at the free-market exchange rate, which last Friday closed at just over 50 bolivars to the dollar.

Eligible companies with debts of $10m or less will be able to obtain 35 per cent of their total outstanding principal from the central bank at the subsidised exchange rate, while debtors owing more than $10m will receive 20-year government bonds (paying 4 per cent annual interest) covering 70 per cent of outstanding principal.

Other government bonds (eight years, no interest) will be offered to cover 70 per cent of accrued interest on registered private-sector foreign debt. Businesses have until December 22 to accept the plan.

Venezuela's private-sector external debt – comprised of about $3.1bn in principal and hundreds of millions of dollars in unpaid interest – has been a headache for the Perez government and international bankers alike.

Earlier this year the government worked out a new rescheduling and reduction plan covering about $21bn out of its own foreign debt, which exceeds $27bn.

Soon after taking office in February 1989 the Perez administration froze agreements, made under previous governments, whereby private debtors could obtain foreign exchange from the central bank at subsidised exchange rates far below the free-market rate.

Since then private companies and foreign banks have been urging the government to work out some sort of financing plan.

Setback for Collor in election run-off

By Christina Lamb in Brasilia

PRESIDENT Fernando Collor de Mello of Brazil suffered a serious setback in Sunday's run-off elections for state governors. Candidates favourable to the president had yesterday either lost or were heading for defeat in all five principal states.

Final results brought losses in Rio Grande do Sul and Parana and defeat looked likely in Minas Gerais. The most serious loss was in São Paulo, the biggest state, responsible for 50 per cent of Brazil's gross national product.

Equally embarrassing, the leader of the government in the Senate lost in Espirito Santo while elections in Mr Collor's home state of Alagoas were delayed by allegations of corruption.

The results will hit Mr Collor's economic stabilisation programme. They will be seen as a vote of no confidence in his policies and will enable a powerful opposition bloc to form. State governors can also jeopardise the government's anti-inflation drive through high spending.

Mr Luiz Antonio Fleury, the new São Paulo governor, intends to form a coalition of seven governors hostile to the government's austerity programme under the leadership of his mentor, Mr Orestes Quercia, the present governor who hopes to run for president in 1994.

The president is now at his most isolated since taking office in March. The results are a turnround from first-round elections, held on October 3, when nine of the 11 governors elected were generally pro-Collor.

The shift in opinion reflects an increasing inability to bring inflation under control; this month it is expected to be 19 per cent. It also coincides with a series of congressional defeats which has forced Mr Collor to seek political support for his policies.

He has, for the first time, started negotiations with both Senate and Congress and was hoping that Sunday's elections would result in a more sympathetic hearing.

Guerrillas' new military hardware changes El Salvadorean war equation

By Tim Coone in Managua

THE DOZEN A-37 jets belonging to the El Salvadorean government are the state's most lethal, and until the weekend, were the least vulnerable of its airborne counter-insurgency weapons.

That was until a portable SAM (surface-to-air missile) fired by guerrillas from the Faribundo Mardi Liberation Front brought one down for the first time in the 11-year civil war.

President Alfredo Cristiani describes the appearance of the SAMs as creating "an extremely dangerous situation".

The FMLN's signal to behind-the-scenes peace brokers is that, after years of military stalemate, the balance is shifting in its favour.

In the past month, the FMLN has demonstrated several other new weapons systems it has obtained.

Primitive heavy artillery guns, misleadingly termed "catapults", are being made from large concrete sewer-tubes. These are packed with a domestic cooking-gas cylinder jammed with explosives, with another gas-filled cylinder below. The gas tank is triggered and propels explosive up to almost a mile away.

Such simple weapons recently destroyed half a dozen helicopters at the main airbase of Ilopango. Another killed a number of civilians in the capital when it missed its target – the army headquarters. An entire block of houses was destroyed.

In its "mini-offensive" of the past week, the FMLN has been using more accurate, co-ordinated mortar barrages against army positions and has begun reorganising its troops along the lines of a conventional army.

Under the cover of SAM missiles, a co-ordinated guerrilla offensive is now feasible.

This could overwhelm key military bases and cripple the air force, either on land or in the air. Without air cover, army casualties could well exceed those of the guerrillas, reversing the usual trend.

The morale of the conscript army is already wavering behind its hard-line and controversial leadership. Pushed to extremes, morale could even collapse.

The army was stretched to breaking point in the November 1989 offensive. Western diplomats are unanimous in telling foreign journalists that the FMLN has the weapons and manpower to launch an offensive on a similar – or even on a larger – scale.

The timing and likelihood of such an offensive is now a matter of weighing the political risks. Blame for the heavy civilian casualties in the last offensive was laid at the FMLN's door, even though aerial bombardments by government forces were the direct cause of many civilian injuries.

The fact that the FMLN is now equipped with SAMs has change this equation.

If an offensive were launched, the US Congress would immediately restore the $43m in frozen military aid. But with US public concern presently focused on the Gulf, it is doubtful that Congress would approve additional military aid to El Salvador's colonels.

US administrators already view El Salvador's badly tarnished human rights record and out-dated, non-merit-based, promotional structure as key obstacles to army reform. This in turn renders a political settlement with the guerrillas far less likely.

The air force has fewer than 60 combat-ready aircraft and helicopters. Costing up to $10m each, major losses of air power could not be sustained. Equipment could not be readily replaced with only $43m in defrosted aid and little prospect of additional support from the US.

El Salvador's army may, therefore, be about to learn what the US did in Vietnam and the Soviet Union in Afghanistan. When faced with effective anti-aircraft defences, air power is not a determinate factor to the outcome of a limited war.

Political compromise and progress at the negotiating table must also play a role.

The warning signals are there. But President Cristiani's recalcitrant colonels may fail to heed them.

If they do so, and if the latest – as yet undisclosed – peace terms being put forward by the UN mediator, Mr Alvaro de Soto, fail to bear fruit, then the biggest offensive of the war may be about to explode.

Sofia, Moscow to discuss switch to hard-currency payments

FRANTIC negotiations take place over the next few weeks between Bulgaria and the Soviet Union on how to make the switch from the transferable rouble to hard currency payments, due to begin on January 1, Judy Dempsey, recently in Sofia, reports.

Mr Ivan Dragnewski, head of the Bulgarian National Bank, recently indicated both countries may be forced to exchange goods on a barter system but that the prices will be fixed in dollars and set on world market levels.

"I think we will manage," said Mr Dragnewski, who, despite appalling shortages in Bulgaria, remains optimistic an agreement will be reached.

Soviet exports to Bulgaria have been cut in recent months, and Bulgarian imports of 11.6m tonnes of oil from the Soviet Union also have been reduced. This had led to power cuts in industry and homes.

Even if an agreement is reached, the problem remains that Bulgaria has neither the goods to export to the Soviet Union nor the hard currency to import crucial raw materials from the Soviet Union or the west. Its reserves have fallen below $100m (£51m).

Bilateral agreements signed with the then east Germany for 1990 have fallen through because of German unification. East Germany was Bulgaria's second biggest trading partner, the Soviet Union was its primary market and over 80 per cent of Bulgaria's total trade was with Comecon countries. Mr Dragnewski said Poland, Hungary and Czechoslovakia were now more interested in trading with western countries, a move which will only lead to greater raw materials shortages for Bulgaria.

Bulgarian economists believe that even if the Soviet Union insists on direct hard currency payments instead of barter, it does not have the available hard currency nor the goods to export. "There is all this talk that the Soviet Union will gain from the Gulf crisis because of its oil reserves, but the fact is, it cannot get the oil out of the ground," one economist said.

Economists think that given the economic crisis sweeping eastern Europe and the Soviet Union, a return to barter cannot be ruled out, unless western countries offer a huge food aid programme. But this would not solve Bulgaria's long-term economic problems.

Czechoslovakia poised to go back to its old partner

Germany is expected to take over the Soviet Union's top position in trade by 1994, writes Leslie Colitt

GERMANY will replace the Soviet Union as Czechoslovakia's largest trading partner within four years, Mr Stanislav Neubauer, a senior Czechoslovak trade official, has predicted.

Mr Neubauer told the Financial Times that by 1994 Czechoslovakia would conduct a third of its trade with Germany – the same proportion as before the Second World War, when Germany was Czechoslovakia's leading trade partner.

His forecast underscores the key role German industry is expected to play in eastern Europe's reforming economies. But Czechoslovakia's shift away from trade with Moscow – which will be based on hard currency from January 1 – will be difficult. The country remains heavily dependent on Soviet oil and will need to export more, and better goods to pay for it.

This year, trade with Germany will make up only 10 per cent of total Czechoslovak imports and exports. Trade with the Soviet Union, however, still accounted for nearly 40 per cent of Czechoslovakia's total, despite a drop of about 7 per cent this year largely because of a sharp fall in Soviet oil deliveries.

Mr Neubauer expects trade with the Soviet Union to show an accelerating fall, sliding by perhaps 20 per cent next year. To prevent a complete collapse in trade links, energy and raw materials will continue to be bartered on a large scale, with the US dollar as the basis of prices.

Moscow is expected to deliver 13m tonnes of oil to Czechoslovakia by the end of this year instead of the 16.8m tonnes agreed earlier. Up to 800,000 tonnes of Soviet crude oil will be paid for in hard currency, Mr Neubauer said, noting that the oil, which is pumped into Czechoslovakia through the Druzhba pipeline, will still be cheaper than western supplies.

The drop in Soviet oil imports has given Prague a surplus in trade with Moscow this year of 500m transferable roubles ($765m). Negotiations took place recently on repayment of this amount as well as 2bn transferable roubles in Czechoslovak government credits to Moscow for participation in joint ventures on Soviet territory. Moscow agreed to pay part of the amount in goods and raw materials before the end of this year. The remainder is to be used to plug an expected large Czechoslovak deficit next year in trade with the Soviet Union.

Moscow agreed to supply 13m tonnes of oil to Czechoslovakia next year, part of which is to be paid for directly in dollars. Czechoslovakia is seeking to pay for as much of the oil as possible exports of its manufactured goods which, however, will be worth less in dollar terms. Nearly 400,000 tonnes of crude oil were contracted for last month with officials of the Tyumen oilfield in Siberia who agreed to sell the oil to Czechoslovakia in exchange for machinery, construction equipment and consumer goods. Some Czechoslovak companies were planning to produce equipment for the ailing Soviet oil industry in co-operation with US manufacturers, Mr Neubauer noted.

CZECHOSLOVAKIA TRADE (1989)	Exports (%)	Imports (%)
Soviet Union	30.5	29.7
Poland	8.5	8.6
W Germany	8.3	9.3
E Germany	6.6	7.8
Austria	4.6	5.5

Source: Economist Intelligence Unit

Oil is also to be obtained from Iran, which this year supplied Czechoslovakia with up to 400,000 tonnes under a clearing arrangement. The oil will mainly be paid for with machinery and a power station but Mr Neubauer stressed that arms were not part of the deal.

Czechoslovakia has also pursued trade agreements with the Soviet republics which won the right from Moscow to sell a fixed percentage of output directly to foreign buyers. Agreements were signed with the Ukraine for iron ore and Uzbekistan for cotton and an accord with Lithuania is in the making.

The practice of bartering goods with the Soviet Union is one which Prague hopes to continue for several years in order to cushion the shift to a market-based economy.

Trade with the former East Germany was especially worrying as east German companies cancelled orders for Czechoslovak goods on a large scale. Czechoslovak exports of more than 1bn transferable roubles to East Germany last year are expected to fall to 700m transferable roubles (accountable, that is, to the former East Germany within a united Germany) this year. Czechoslovakia is likely to have a deficit in trade with east Germany of about 800m transferable roubles – equivalent to Dm2bn at an exchange rate of Dm2.34 to the rouble.

But trade with a united Germany is expected to rise substantially as a result of growing numbers of joint ventures and German investments in Czechoslovak industry. The expected financial stake by Volkswagen in the Skoda car company and General Motors' agreement with BAV in Bratislava, involving the Opel car company, would sharply boost trade with Germany.

It is also expected to improve the structure of Czechoslovak exports to the west which were heavily weighted towards fuels, lumber and basic chemicals in contrast with the engineering products which Czechoslovakia sold to pre-war Germany.

Salinas seeks US co-operation over free trade pact

MEXICO'S President Carlos Salinas has expressed concern about the resurgence of protectionist US attitudes on the eve of talks with President George Bush, according to an interview published in the Monterrey newspaper El Norte, Richard Johns reports from Monterrey.

The Mexican president demanded the US give "reciprocity to our unilateral (trade) opening". In general, the meeting, which opened yesterday and is the sixth between the two leaders, is aimed at helping prepare US opinion for forthcoming talks on a free trade pact.

Border frictions are expected to be the most contentious issue in talks in the Bush-Salinas talks. Non-trade barriers, a constant Mexican preoccupation, will be discussed, including the recent embargo on US imports of tuna fish on ecological grounds.

The welcome for Mr Bush will cost this prosperous industrial city – occupied by the US Army in 1843 – about P100m (US$34m) according to the regional tourist authorities here.

Monterrey's streets are adorned with US flags, an unlikely sight given historic resentments but one aimed at public opinion north of the border, with the free trade talks coming into perspective, too slowly from Mexico's point of view.

In practice, the most likely concrete outcome will be the setting-up of a binational commission charged with alleviating the frictions caused by illegal immigration.

The US will undoubtedly demand that its mandate also covers environmental protection along the 2,000-mile border.

The Mexican Congress, not the least members of the ruling Institution or Revolutionary party and Ms Maria Elena Chapa Hernandez, who is secretary of the Chamber of Deputies Foreign Relations Committee, have demanded that Mr Salinas give emphasis to "human rights" abuses of Mexican workers by the US authorities.

At a press conference last Thursday Mr Fernando Solano Mexico's foreign minister, made clear that this subject would be high on the agenda as well, inevitably as the struggle against narcotics trafficking.

Another priority is the Gulf crisis. In practice, free movement of labour and US access to Mexican oil reserves, are bound to figure in the free-trade talks, though Mr Salinas for political reasons has ruled out the latter proposition.

Another topic to be covered is the future of "Central America", understood to include Cuba, with which Mexico enjoys good relations and some influence as far as the US is concerned.

Washington clearly sees Mexico as having an important role in facilitating an accommodation with the last remaining bastion of diehard Marxism in the western hemisphere. Despite its anxiety to start the free-trade talks as soon as possible, Mr Salinas has acquiesced in US insistence that they should await completion of the final bargaining in the Uruguay Round.

Thereafter, approval of the "fast-track" route by a newly constituted US Congress (following mid-term elections) is by no means a foregone conclusion and will require intensive lobbying by the US administration, as well as Mexico. From this point of view Mr Salinas's sixth meeting with Mr Bush in little over two years is a huge public relations exercise.

Hungarian, Soviet pact initialled

BUDAPEST and Moscow have initialled a trade pact for 1991 to avert a collapse of turnover when the two countries begin paying convertible currency for all deliveries in January, Nicholas Denton reports from Budapest.

The tentative accord, due to be formally confirmed early next month, covers about $3bn (£1.5bn)-worth of orders, 40 per cent of this year's Rbs7.5bn two-way trade. Separate arrangements with Soviet republics and companies could bring total trade to $7bn, roughly the 1990 level, Mr Lajos Berenyi, of the Hungarian Ministry of International Economic Relations, says.

Hungary still assumes a 25 per cent drop in 1991 in trade previously conducted in roubles, compounding this year's fall to take Hungary's eastern trade down to half its 1988 level. Introduction of world market prices for all Soviet oil exports is also expected to contribute to a $1.5bn deterioration in Hungary's current account next year.

Moscow has offered only 1m tonnes of oil for 1991, against expected deliveries of 4-4.5m tonnes. Hungary will have to make up the shortfall by deals with oil-producing Soviet republics and districts, and deliveries for cash. A $300m order for 5,000 buses and one of $400m for pharmaceuticals on the list of Soviet import needs has pleasantly surprised Hungarian officials.

NTN to build second factory in Germany

NTN Japan's leading bearing maker, is to build a plant in Germany next to its existing subsidiary NTN Kugellagerfabrik, Reuter reports from Tokyo.

The plant will make automobile parts such as wheel hub bearing units.

NTN plans to start construction in mid-1991 for start-up in early 1993 at a monthly production rate of 100,000 bearing units, rising to 120,000 later, the company said.

All units produced at the new plant will initially be supplied to Honda Motor Company's British car assembly plant, which is scheduled to start operations in 1992. Other details have yet to be decided.

- NTN produces just under 4m ball bearings a month at its wholly owned NTN Kugellagerfabrik unit in Mettman, 20 km east of Düsseldorf and sells them to European makers of electrical goods and automobiles.

NZ acts on Soviet trade

By Dai Hayward in Wellington

MR Philip Burdon, New Zealand's new minister of trade negotiations, is to visit Moscow next month to try to revive Wellington's NZ$380m (US$117m) trade with the Soviet Union.

Last year New Zealand exports to the Soviet Union totalled NZ$354m; imports stood at $NZ25m. This year shipments of the two largest commodities, wool and dairy produce, have virtually ceased because of Soviet payment problems. Exporters are owed about NZ$150m.

Mr Burdon said the Soviet Union was "a very important market for us. We view the breakdown in the ......trading relationship immensely seriously." He was cool on proposals from wool exporters that the government should underwrite future sales. Union.

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Joe Rogaly finds the Chancellor of the Exchequer in a cautious mood on Europe and domestic policy as he bids for the premiership

Major adopts a pragmatic approach to Tory election issues

"I AM not ideologically pure in any way, no doubt on any subject." So, in his own words, Mr John Major, candidate for the prime ministership of Britain, sums himself up. The accuracy of his self-assessment is unquestionable. As to Europe, he positively lusts after fudge. If he wins, the the right of the Conservative party, who have blessed him as their favourite son, may be disappointed in his rhetoric, and possibly in his actions.

Interviewed at the House of Commons yesterday, the current Chancellor of the Exchequier revealed his essential pragmatism on Europe and issues closer to home.

The politician who strongly favours a parallel currency – the hard Ecu route proposed by the Thatcher government – adopts a balanced approach to the European Community.

"Europe has had a genius in the last 20 years for what, if you are polite, you would call a consensus, and if you are impolite you could call fudge, and I have no doubt that when we go through this conference, that it is possible to negotiate a treaty that will be acceptable to the House of Commons that will move Europe forward and keep it forward together..." The last person I heard say that was Mr Douglas Hurd.

But then, Mr Major, what about the single currency? "It is economic folly...to go to a single currency without the right form of economic convergence. People may say to me: 'but look at France and Germany, they have both been in the exchange rate mechanism, they have converged a lot in the last ten years...' and yet what is happening at the moment? The French economy is contracting, they're reducing interest rates, the German economy is expanding too fast, has very considerable problems ahead of it...and is raising interest rates..." If that could happen to two similar nations whose economic policies had been locked together for ten years, what were the perils that could lie ahead on a much wider front?

"A two speed Europe is unequivocally bad for Europe"

Yes, but what if Germany and some of its immediate neighbours went ahead with a single currency, leaving the rest of Europe to catch up?

Mr Major: "I don't want a two speed Europe, I think a two speed Europe is unequivocally bad for Europe, and I find it extraordinary that people who hold themselves out to be the most *communitaire* members of the Community are those that would go ahead on their own and create a two tier Europe. And I would be prepared to bet that the concept of that inner core going ahead, would have not only rigorous opposition from me, from us, it would...have very fierce opposition..from the Spanish, the Greeks, the Portugese.." He warmed to his theme. "You will never get...convergence...if an inner core go ahead. That would be the most damaging thing to happen to the EC since its conception." Those who seek clarity in matters relating to the EC will be disappointed.

Mr Major is plainly in intellectual accord with those who protest that a single currency managed by an independent Eurofed would amount to the transfer of economic decision-making to an offshore and unaccountable authority. "If you were to say to me, can I come back to the House of Commons with a treaty that determined at a future date, Britain will commit itself now to moving to a single currency on such and such a future date, I would have to say to you that the House of Commons would not be remotely likely to accept such a treaty and no British prime minister could come back and invite them to do so."

On camera: Major (pictured in the Commons above) is seen as the favourite of the right

That seems fairly unequivocal. But he adds: "The most important thing..in negotiations is to obtain a satisfactory outcome." This "sometimes makes it difficult to determine with quite the clarity one would wish, precisely what one's position would be..." The other 11 members of the EC, contemplating next month's inter-governmental conferences, may remember these words.

The election may have been precipitated by party differences over Europe, but many MPs will be voting with the grievances of the constituents at home in mind.

Mr Major, however, is quick to draw the line at recent proposals mooted by the Thatcherite wing of the party. Reacting to Mrs Thatcher's predeliction for education vouchers – the scheme aimed at allowing parents greater freedom in choosing schools – he said: "I don't see a role for education vouchers in the short or medium term." Well, how about extending tax relief for private health insurance – perhaps from the elderly to other categories of person? "I have no immediate plans to do that."

The key pillars of the welfare state are, indeed, offered considerable comfort. Education needs a period of peace and quiet, while the changes in the syllabus and the structure bed down, he maintains. "The other area of education I am concerned with...is to try to reproduce the status of education, of the teacher, that I believe they had 20 or 30 years ago, which relatively they don't have today."

Again, "if people think that we have in mind privatising the mainstream structure of the health service, well, I can tell you that we don't.

"I am in favour of diminishing the public sector where it is wise to do so, where the private sector can do things better, because to the extent that we do that, we are more likely to have an efficient and effective public sector."

As to the poll tax – the new local charge for local services and amenities – he is caught between belonging to the government that introduced it and needing to distance himself from it. But he did not rule out the principle of different payments. The re-examination of the poll tax would be discussed without "preconsidered notions."

"I'm getting my support from the right...I hate inflation"

Mr Major resisted the temptation to say he would provide a better deal for the poor, on the ground that it would seem like a crude piece of electioneering. And asked whether his plans for teachers' pay affected the government's promise to reduce the standard rate of income tax to 20p he said that target "hasn't got a time frame."

But what about the support he was getting from the right? "Of course I'm getting my support from the right of the party, I hate inflation."

BRITAIN IN BRIEF

Contractor cuts 500 TV jobs

Central Independent Television, the IBA contractor for the Midlands, has announced almost 500 job losses as part of its bid to streamline activities in advance of next year's application to renew its television broadcasting franchise for the next decade.

Some 467 jobs are to go from next spring, which means that that Central's staff will have been halved over the past three years to reach a new total of just under 1,600.

The company blamed the fall in advertising revenue as a result of the recession and changes to the structure of television broadcasting.

UK and Dublin in Ulster talks

Mr Peter Brooke, the Northern Ireland Secretary, and Mr Charles Haughey, Prime Minister of the Republic of Ireland, explored prospects for political progress in the province at an informal meeting yesterday.

Charles Haughey: Trying to find a political formula

Both men were trying to find a formula for resolving the key issue of when the Irish government becomes involved in the inter-party talks process.

One proposal is that the decision on when Dublin enters negotiations should be taken independently by Mr Brooke. The Rev Ian Paisley, Democratic Unionist leader, said he had no difficulty with the suggestion provided he was assured that the Northern Ireland Secretary would not be unduly influenced by nationalists.

Recession to be 'short-lived'

Britain is likely to make a quick recovery from the recession, says a forecast by the Society of Business Economists. It says the economy will remain stagnant until mid-1991 but then recover to show total output in 1992 expanding at 3.2 per cent – more than twice the likely rate for this year.

But the society's forecast is unusually gloomy about the outlook for manufacturing, which it says will suffer a fall of investment of 8.3 per cent next year. This figure is well above this week's Confederation of British Industry forecast of an investment fall of 5.6 per cent in 1991.

Oftel spells out telecoms code

Conditions by which companies entering the British telecommunications industry would be licenced have been spelt out more clearly by Oftel, the regulatory body, and the Department of Trade and Industry. They have indicated that customer interests and environmental concerns will be significant in assessing applications.

When the Government announced its intention to make the British telecomms arena the most liberal in the world by breaking up the duopoly between British Telecom and Mercury Communications, it said it would consider proposals for licences on their merits. However, it did not detail the criteria by which they would be judged.

Sir Bryan Carsberg, Oftel's director-general, has confirmed that the government's presumption will be in favour of licences.

Call for gas price freeze

British Gas was accused of imposing excessively high price increases on 20,000 business customers by the Office of Gas Supply, the industry's regulator.

Mr James McKinnon, Ofgas director general, asked British Gas to scrap price increases, which were announced in September, in an attempt to end an anomaly which paid some customers to waste gas deliberately.

This is the latest in a series of interventions by the regulator, which have decreased British Gas's freedom of manoeuvre since its privatisation in 1986.

Rover cuts back on car jobs

Rover, the leading UK car maker, is *cutting* 326 jobs at its Swindon plant, the group's main panel pressing operation.

The reduction in the Swindon workforce follows the announcement earlier this month that Rover is also planning to cut a further 400 jobs at its Cowley, Oxford car assembly plant.

The reduction in the present 3,000 Swindon workforce is a result of falling output at the Cowley plant, where Rover is being forced to lower production of its ageing Maestro and Montego ranges.

Reprieve for working classes

Plans by Westminster City Council to sell seven blocks of flats in Pimlico to anyone living or working in the area have been frustrated by the Duke of Westminster and a High Court judge.

Mr Justice Harman agreed with the Duke that the council is still bound by a covenant in a 53-year-old lease requiring it to use the flats as "dwellings for the working classes."

The council had argued that the covenant was incapable of being performed because the term "working classes" no longer had any meaning for housing purposes, having been excised from the housing acts since 1949.

UK NEWS

Prospect of a new PM intoxicates London markets

By Rachel Johnson, Economics Staff

THE POTENT brew of Tory leadership contest, strong pound and recession have intoxicated London's financial markets with the prospect of an interest rate cut soon – perhaps in the next fortnight.

Interbank rates were yesterday discounting an immediate ½-¾ point cut. But the authorities have emphasised, via a system of arcane signals to the money markets, that nothing of the sort is about to happen.

The markets' clash with the authorities over interest rates during the leadership crisis has left one thing clear.

Had politics not interfered with economics, a cut would be indeed be the perfect *aperitif* to the new prime minister's term of office.

The economic reasons for cutting interest rates are sound, becoming compelling with this week's forecasts of a deep, long recession from the Confederation of British Industry, the employers' association.

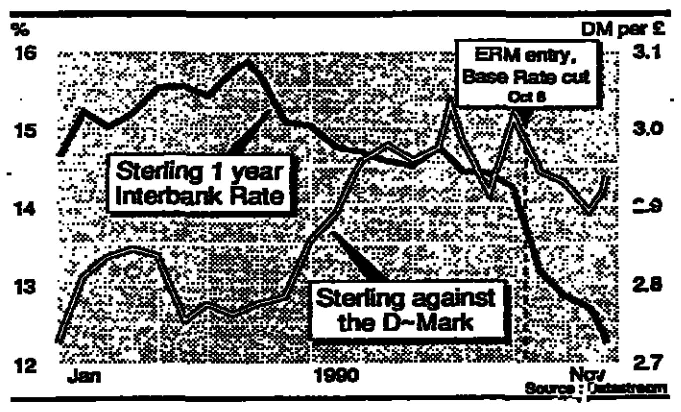
As a result, speculation yesterday drove the rates at which banks lend to each other down a quarter of a percentage point to 13¼–⅝ for three-month sterling, in spite of arm-twisting by the Bank of England to push key interest rates in the other direction.

"Penal lending" was imposed last Friday to ensure that the banking system borrowed from the authorities at the full 14 per cent base rate for an entire fortnight.

With sterling comfortably strong within the exchange rate mechanism – it gained another pfennig against the D-mark to close at DM2.9538 yesterday – the authorities' caution on the interest rate front is not, for once, to stiffen the pound.

On the contrary. Currency strategists argue that a reduction to 11 per cent interest rates by next June – as shown in sterling futures contracts – is already so accepted in the markets that the pound could easily weather a one per cent rate trim by Christmas at least.

Unambiguous evidence of recession and a resilient pound have caused both foreign exchange and money market traders merrily to discount interest rate cuts.



A cut would clearly add to the popularity of the new conservative leader. But the timing, in the middle of a political crisis, has made City economists warier.

"The last base rate cut was a mess," said Mr Jim O'Neill, currency strategist at Swiss Bank Corporation. Executed on the same day as sterling joined the ERM, the move left the government open to accusations that cutting rates was forced by Downing St.

The Treasury has not managed to bury these suggestions, although it maintains its easing of conditions was effected for the best of economic reasons. This time round, economists are arguing that there must not be a whiff of suspicion that the economy is being manipulated for political ends.

This defers the prospect of a cut in the very short term, which has been partly responsible for sterling's resilience. With the Chancellor of the Exchequer, Mr John Major, contesting the leadership of the Conservative party, a decision to cut base rates this week seems out of the question. Should Mr Major win the contest, then the decision would fall to someone else.

The new chancellor, like the teacher taking class for the first time, would probably like to show his tough side first, and relax monetary policy later.

The candidates to succeed Mr Major are thought to be led by the chief secretary to the Treasury, Mr Norman Lamont, ahead of Mr Kenneth Clarke and Mr Chris Patten. Mr Lamont's reputation as a tough negotiator makes it unlikely that he would actively seek the gratitude an interest rate cut would evoke from mortgage payers, industry and markets.

Whoever wins will inherit an economy that will not begin to grow again until the final quarter of next year, according to the CBI survey. Against such a gloomy long-term scenario, an immediate interest rate cut would smack of opportunism to some.

With the Treasury's unwillingness to hear more accusations that it has the Tory party's interests more at heart than the economy's, the interest rate cuts to come will be handled with delicacy.

They would naturally follow the publication of November's retail prices index next month, when the RPI is expected to fall from its 10.9 per cent peak. A cut then would restore some of the credibility lost at the last base rate cut and ERM entry on October 8 – which was shortly before the RPI peaked. Alternatively, putting sterling into narrow bands within the exchange rate mechanism might allow larger cuts in base rates, as well as enhancing the new prime minister's European credentials.

FT SURVEY – KEY SEATS

Major emerges as favourite for Tories with slender majorities

By Jimmy Burns and John Authers

MR John Major is the clear favourite to succeed Mrs Thatcher as leader of the Conservative party, according to an FT survey of constituencies around Britain where the Conservative hold on power is regarded as insecure.

Officials in 22 of the so-called marginal seats – the constituencies where the Conservatives command slender majorities – said that weekend canvassing of local opinion had shown a swing in favour of Mr Major, the Chancellor of the Exchequer, in his bid for the leadership.

Among grass root supporters, there appears to be a strong feeling against Mr Michael Heseltine, the former defence secretary and initial challenger, because of the way he is perceived to have contributed to Mrs Thatcher's downfall.

Nevertheless in most of the constituencies, he still comes second, ahead of Mr Douglas Hurd, the foreign secretary. Mr Hurd remains widely respected as a member of the cabinet but within the small anti-Major camp, he is less favoured than Mr Heseltine as a future prime minister because he is seen as being too old and lacking charisma.

Youth and financial expertise are identified with Mr Major. Those favouring Mr Major also tend to describe him less as a politician in his own right than the natural successor of Mrs Thatcher: the 'unity' candidate most likely to respect her legacy.

In Stirling, Scotland, where the Tories won the last election with 948 votes, the Conservative Association's agent Mr Ian Mackie said that 90 per cent of local Tory opinion was behind Mr Major.

"People are saying that Mr Heseltine is too much to the left of the party and becoming fairly pink.

"The feeling is that John Major with his youth and sound economic background can unite the party."

In the Pro-Major constituency of Basildon, in southern England, local Tory chairman Mr Danny Lovey has written to senior members of the Party warning that the unity of the Tory grassroots would be "severely threatened" by a Mr Heseltine win this week.

The mood, however, in the constituencies generally appears to be more upbeat than it was prior to the Heseltine versus Thatcher ballot.

Party activists are encouraged by weekend opinion polls which show the popularity among the general electorate of all three candidates.

Several local officials said that an "ideal" future cabinet should include Mr Major, Mr Hurd, and Mr Heseltine.

Mrs Thatcher steps out from No 10 for a lunch appointment: tonight could be her last in Downing Street before moving to her house in Dulwich, south London and a new career.

Leadership contest raises issue of an independent Bank

By Peter Marsh

MR MICHAEL Heseltine's espousal of independence for the Bank of England will have lent his campaign some private expression of support in this most discreet of institutions.

In recent months, Mr Robin Leigh-Pemberton, the Bank's governor, has dropped a number of public hints that it would welcome an independent role – or "operational autonomy" in Bank jargon – while remaining accountable to parliament.

At the moment, the Bank, the government's banker, has a decidedly junior role to the Treasury in formulating monetary policy.

The Treasury has the final say on all important issues involving, for instance, interest rate adjustments. The Bank provides advice and also executes policy – such as through its intervention on foreign exchange markets to influence sterling.

Bank officials rarely make public policy statements, without first clearing these with the Treasury, for fear that they might contradict the official line.

This reticence is in sharp contrast to the high profile style of the Bundesbank, the powerful German central bank, which has considerable autonomy in relation to the German Finance Ministry, most notably over setting interest rates.

Generally, the partnership between the Treasury and the Bank works well. A special telephone hotline between the two institutions ensures that officials are continually in touch to discuss policy refinements.

The chancellor, Mr John Major, opposes the idea of an independent Bank while Mr Douglas Hurd, the third candidate for prime minister, has not made his views clear on this matter.

The delicate relationship between the two institutions can sometimes run into problems. Mr Leigh-Pemberton advised the government against cutting interest rates at the time of Britain's entry into the European exchange rate mechanism, but was overruled by Mr Major and Mrs Thatcher, possibly mindful of the Conservative party conference a few days later.

The Bank's *subservience* to the Treasury may be out of line with developments in the rest of Europe, in the context of economic and monetary union (Emu).

According to the hopes of some nations, pan-European monetary policy in the final stage of Emu would be handled by a new, independent European central bank, modelled on the Bundesbank. It would be linked to a system of national central banks, each of which would have a high degree of autonomy in relation to their governments.

In the past month the Bank, perhaps with an eye on the wider European scene, has appeared to be practising how it might operate if given broader, more independent powers in monetary policy.

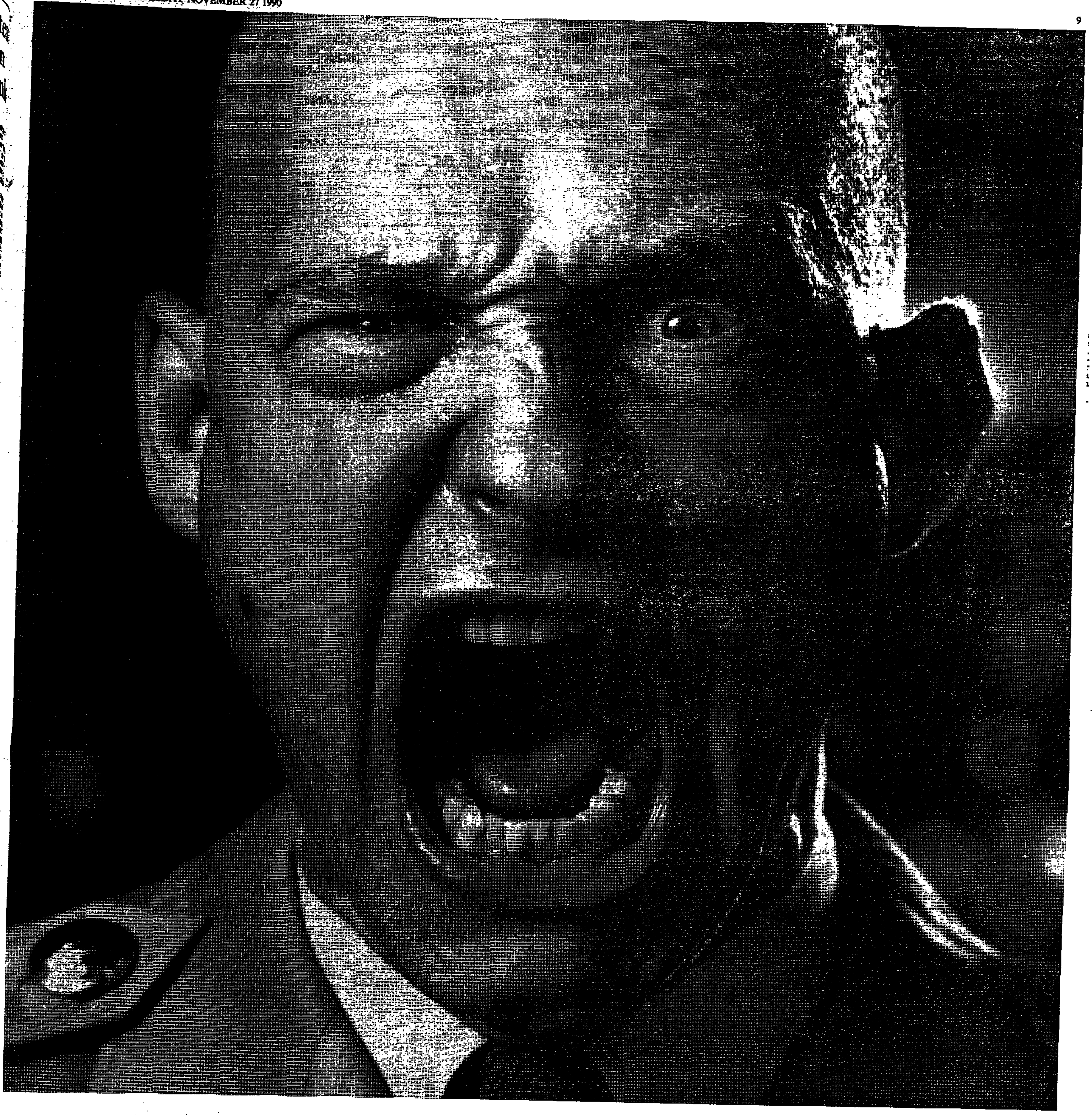
In a number of operations on the domestic money market – mainly involved with lending money to the banking system at high penal interest rates – it has acted vigorously in an effort to adjust upwards the rates that banks use in their lending operations among themselves.

The Bank's machinations have been aimed at reducing the speculation in financial markets in recent weeks that the government will soon bring down the 14 per cent base rate. It has increased banks' interest payments in an effort to persuade them that the time for providing the economy with cheaper money has not yet arrived.

Many commentators have been impressed at the Bank's ability to use innovative ideas in its money market operations. "The Bank has been flexing its muscles," said one money market participant.

At the heart of these operations may be the thought that over the next few years the Bank will be given the powers to take on a more free-ranging monetary role with fewer Treasury-imposed restrictions.

If Mr Heseltine becomes the next Prime Minister, the new sense of independence is likely to come sooner rather than later.



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An outside interest beyond gloating

Hotels and tourism will off practice, RMJM, is demonstrat- of eastern Europe that should gladden the hearts of work-starved architects in the UK. There is enormous interest and enthusiasm for younger British design talents in Japan. One architect, Mr David Chipperfield, has just completed three important projects in Japan: *the Gotoh Museum in the* Chiba Prefecture of Tokyo, the headquarters in Okayama of the Matsumoto Group, and a design store in Tokyo. Mr Nigel Coates, an amusing and radical designer, has found an outlet for his design fantasies in night clubs and restaurants in Tokyo. The high regard which British architects and designers receive abroad makes architecture and design a potential export leader.

There is another area where architects have a great deal to offer: some members of the profession have been in the vanguard when it comes to green issues and the design of "sustainable" environments. Research and development of architectural ideas concerned with energy saving and production are well advanced. The work of a body such as the National Energy Foundation or the Milton Keynes Development Corporation deserves to be broadcast more widely.

For the time being it looks as though the best of British architectural thinking is for export, but it is to be hoped that recent important decisions about infrastructure in London will involve the design professions at an early stage.

In view of the the growth the London Docklands Enterprise Zone and the architectural

Workload figures recently issued by the Royal Institute of British Architects show a sharp fall, and Department of the Environment figures showed an 18 per cent fall in total construction orders.

Loss of trust

There has been a fall of some 25 per cent in inquiries to the works, which are the serious bread and butter for much of the profession, the decline has been as much as 35 per cent during the first six months of 1990.

There is also the added difficulty for architects caused by the relatively recent introduction of fee bidding in a competitive market. When market forces really bite there is the danger of architect eating architect as rivals allow bids on jobs to fall below RIBA recommended scales in the anxiety to secure work.

The RIBA and Carmargue Communications now publish quarterly figures called "RIBA Leads" which show that private sector non-housing commissions fell by 23 per cent during the second quarter of 1990 and housing commissions fell by the same amount.

Forecasts show that the office market is likely to fall an additional 20 per cent in the next twelve months and a 15 per cent drop is anticipated in the retail market and a 10 per cent drop in the industrial sector. Demand for new houses is expected to drop by some 15 per cent in the same period.

Geographically the recession appears to be spreading from the South East to the Midlands and the North although Scotland continues to be healthy with an increase in workloads of 22 per cent in the second quarter.

This is probably due to a more mixed approach to business in Scotland where partnerships between the public and private sector seem to be more common and successful than in other regions.

The architectural profession is always the first to suffer when recession hits the property and construction industry and current fears about the future seem justified. Barclays

Amiens. Even the French government approves of British architects. Mr Rock Townsend and Mr Robert Macdonald were singled out in a recent French housing ministry competition to design an area of Paris public housing.

In Frankfurt British developers MEPC are planning a major office development using British architects Sidell Gibson. Spain offers enormous opportunities – 30 large retail schemes are in the pipeline. At Seville's Expo '92 the British pavilion by Mr Nicholas Grimshaw looks as though it will be the most exciting on the site.

Eastern Europe has its problems for British firms – language, bureaucracy and funding to name but three – but many architectural practices are approaching the challenge *in highly enterprising ways*, realising the long term potential of the large market.

In the eastern sector of Berlin a prominent British firm, Thorpe Trent is working on a 300,000 sq m business park. Teams of British architects.

Silent receiver

Mr Richard Rogers, Mr Terry Farrell, Mr Nicholas Grimshaw and Mr James Stirling will have the chance to see one of Europe's finest surviving Baroque cities.

The Seifert Group is working on two hotels, The English Court and the Rossiya in Moscow and on two large commercial developments in Budapest and the eastern sector of unified Berlin. The hotel project in Moscow is in an historic building overlooking Red Square and will provide visiting businessmen with a club-like atmosphere and residential accommodation.

It is in the area of the rescue and repair of historic buildings in eastern Europe that the British can offer a real lead. Recently, an official British delegation led by Mr John Harris visited Czechoslovakia to advise on the future of the great heritage of country Bank forecast in September that by the end of the year some 30,000 building firms will file for bankruptcy.

The decline in speculative property development is clearly serious. The inability of County Hall Development Group to raise the finance for the redevelopment of London's County Hall on a prominent Thames-side site is only one *highly visible sign of the loss* of confidence in the over-supplied London office market.

The high cost of building labour costs (annual growth some 9.5 per cent according to Barclays) and increasing costs of overheads affects architects as well as the developers. The recent lowering of interest rates is expected to be of modest help to developers but is unlikely to lift the clouds of gloom descending over architects' offices.

Although times are changing rapidly for the worse, the combination of a competitive cli*mate and a rapidly* growing workload which emerged during the recent property explosion made architects more aware of the need to absorb up to date business and management techniques.

New markets for skilled architects are opening up. The architectural market has become global and the potential for designers in the recovery and redevelopment of eastern Europe is enormous.

The best British architectual firms have a good competitive edge in Europe. Design skills and originality have exported well to Europe and Japan. Sir Norman Foster, famous for his Hongkong & Shanghai Banking Corporation Headquarters in Hong Kong and soon to be more famous in the UK for his splendid new Stansted Airport, is busy in Japan and Europe.

As his "Mediathèque" – new kind of media centre – nears completion in Nîmes he has been invited to make a new master plan for the whole city. In Bilbao he has designed the new underground railway system and in Bordeaux he is planning a Business Centre. Mr James Stirling has plenty of work in Germany and is extending the Brera art gallery in Milan. In Lyons there are plans drawn up by Fairhurst of London and Manchester for a £30m business park, in collabo-

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houses and castles in that country. There is scope for considerable business applying some of the lessons that have been learned in the struggle to keep and repair historic buildings in Britain.

Hotels and tourism will offer enormous opportunities: An important British architectural practice, RMJM, is demonstrating the end of the cold war by *designing* a large golf *and* country club on the river in Moscow.

Another British firm Jestico Architects has taken the imaginative step of exchanging staff with a Hungarian practice to learn the ropes in their respective countries.

Deeper and wider

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In the eastern sector of Berlin a prominent British firm, Thorpe Trent is working on a 300,000 sq m business park. Teams of British architects are now visiting Prague helped by the Czech architect Mr Jan Kaplicky of Future Systems who has long been exiled in the UK. In the next few months Mr Richard Rogers, Mr Terry Farrell, Mr Nicholas Grimshaw and Mr James Stirling will have the chance to see one of Europe's finest surviving Baroque cities.

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'Enterprise culture'

More political speak than reality

Charles Batchelor explains that despite well-meaning words, the government's approach tends to be unco-ordinated

The British government lacks a clear policy for dealing with small business in spite of all the rhetoric that has been devoted to promoting "the enterprise culture".

The government approach has amounted to "an unco-ordinated collection of individual schemes designed to tackle specific issues – but this does not amount to a small firms policy," according to Steve Johnson of Leeds Business School.

Johnson's assessment was made in a paper presented to the 13th annual Small Firms Policy & Research Conference in Harrogate earlier this month. Unusually, the academics overcame their professional distaste for becoming involved in policy as opposed to research issues and produced several papers with potential policy implications.

Despite the relatively long history of small firms initiatives in the UK – Johnson identified 30 schemes – serious research into the subject only really began to accelerate in the late 1980s, he claims. Most research has been an evaluation of existing policies rather than an attempt to influence the development of new ones.

At present, government initiatives are piecemeal, designed to tackle specific areas where the markets have failed, but lacking any attempt to integrate the different elements, Johnson says. The objectives of the policy are equally unco-ordinated and amount to a general feeling that small firms are "a good thing."

Finally, initiatives are general in their scope and do not discriminate in favour of particularly deserving firms such as fast-growth companies.

Johnson proposes making a clear distinction between social and industrial policies in the small business sector.

Social initiatives should aim at reducing the dependence of disadvantaged groups on welfare benefits and help individuals create their own jobs in businesses which would, for the most part, remain small.

Industrial policy should be aimed at helping smaller companies overcome the bottlenecks which occur when either output or employment levels increase sharply. Rapidly expanding businesses in particular should receive special assistance to help growth.

"Assistance offered should be intensive rather than taking the form of a cheque sent from a remote office," Johnson suggests. He warns, however, against attempting to create a single, comprehensive scheme or initiative because this could not possibly meet the diverse needs of all small firms.

Despite the emphasis which has been placed on the creation of an "enterprise culture" over the past decade, the concept remains a difficult one for many small-business owners, a study by Jim Curran of Kingston Polytechnic showed.

Curran and his team asked entrepreneurs what the phrase "enterprise culture" meant to them. One in three was unable to say.

One video-hire shop-owner was able to give a definition, but asked whether the enterprise culture related to his own business, replied: "Not really. All we've done is open another video shop."

This tended to confirm previous studies which showed that small business owners regarded themselves as part of a "survival culture" rather than one to do with enterprise.

Curran suggests that the politicians and the civil servants may have indulged in "overkill", and appropriated the term "enterprise culture" for their own ends, leaving small-business owners, the supposed embodiment of such a culture, alienated and confused.

Not that the alienation of small business is a recent development. Small business groups in many countries have traditionally felt themselves to be outsiders, unable to play a significant role alongside big business interests and the trade unions.

This feeling is compounded by the fragmented nature of small business lobby groups, suggest David Arter of Leeds Business School and Bengt Johanisson of Vaxjo University, Sweden.

In addition, small business owners set greater store on contacts with their accountants, suppliers, trade associations and chambers of commerce than they do on membership of small firms interest groups. This weakens the ability of small businesses to influence the policy-makers.

Even government policies designed to help business can sometimes fail to achieve the intended result, a study of changes to corporation tax rates and investment allowances made in the 1984 UK Finance Act showed.

That Finance Act promised very substantial reductions in tax which were expected to "encourage and reward enterprise and stimulate innovation". In fact, many smaller companies ended up paying tax at the same or a higher level than the standard rate of corporation tax levied on large companies (those with profits of £500,000 or more), according to Francis Chittenden of Manchester Business School.

Large manufacturing companies were paying tax at 38 per cent in 1984, a rate which fell steadily to just 31 per cent in 1987. Smaller manufacturing companies, in contrast, were paying 39 per cent in 1984 and by 1987, after a dip in payments, were paying no less than 56 per cent.

In every year but one during this period large businesses paid tax at a lower rate than the nominal rate while small businesses paid tax at a higher rate in every year. Chittenden is uncertain why the taxes paid by small businesses did rise – reductions in capital allowances which accompanied the tax cuts may have played a role – but in any event the increases represent a "startling" outcome of policies aimed at reducing taxes, he suggests.

Even where policies do achieve something approaching their intended effect, it may take a long time for the impact to show through. A study of entrepreneurial attitudes in Northern Ireland carried out by Richard Harrison and Mark Hart of the University of Ulster emphasised the importance of family role models in the creation of entrepreneurs.

Schemes designed to encourage enterprise among school children seem to appeal more to children coming from an entrepreneurial background, the researchers found. The effect of such initiatives is therefore only likely to become apparent in the medium to long-term as the experience of self-employment and business ownership becomes more widespread in the population as a whole, they conclude.

But are small businesses really so important in the economy and do they deserve all the attention that they have received from governments and academics in recent years? According to Alan Hughes of Cambridge University, the "remarkable transformation" which government spokesman have claimed for the small business sector is not all that it is claimed to be.

The large rise in the number of small manufacturing companies which occurred in the early 1980s is due in large part to changes in the way the official statistics were collected.

A change in definitions added more than 31,000 small businesses to the total in 1984, Hughes points out. In fact, it has been the services sector where most of the growth in numbers of small businesses has taken place.

Small companies employing fewer than 200 people have increased their share of manufacturing employment but this was a trend which began to emerge in the early 1970s, well before the first Thatcher government.

The increased share of small businesses in overall levels of employment and output was the result of a shake-out of employment levels among very large companies rather than a rise among small firms. Employment in small firms was actually fairly stable during the 1980s, he notes.

Worryingly, new companies which have been established have for the most part remained small, employing fewer than 10 people. "The problem for policy is now not so much one of small business creation but of overcoming barriers to growth in the existing small business population," Hughes says.

The Cambridge research is part of an ambitious £1.4m programme funded mainly by the Economic and Social Research Council to form an accurate picture of the state of small business.

Surprisingly, nearly 20 years after the publication of the Bolton Committee report, which stimulated interest in small firms in the UK, many gaps still remain in the small business picture. Filling those gaps may help governments devise more effective policies.

Cash for a 'qualitative leap'

Lucy Kellaway on EC plans for its assistance programme

The European Commission is asking for money sanctioned four years ago to be released in order to provide a "qualitative leap" in assistance it can give to small companies.

Member states originally subscribed Ecu 110m to the Commission to be spent on its initiatives for helping small and medium-sized businesses. An extra Ecu 25m was also set aside in case it was needed.

In calling on this money the Commission aims to build on what is there already, and try to bring its former three-pronged approach into a single venture.

One of these initiatives was the 187 Euro-Info centres. So far they have dealt with 100,000 enquiries from companies, which Commission officials say is a most encouraging response. The role of these centres is both to explain to companies how to make their way through the confusing network of EC directives, and to take their hopes and fears back to the policy makers in the Commission.

The Commission is now to make these centres more responsive to business needs, tailoring the information to suit each centre's particular region, and giving out more information about other EC initiatives. The plan is to make the centres more professional, and eventually to make them pay their own way, starting with nominal charges for information.

The EC's Business Co-Operation Network – an electronic matchmaking service designed to bring together companies in different countries in mergers, joint ventures or other co-operation – is to be extended both inside and outside the Community. At the moment it holds 25,000 profiles of companies looking for partners, a data base which is to be expanded, updated, and to which new services will be added, such as companies looking to join in research co-operation projects.

The Partenariat scheme – under which the EC brings together for a few days small and medium sized companies in depressed regions with potential investors and partners from outside – is to be doubled in force, and broadened to include border regions and sectors where special help is needed.

Other planned initiatives include a pilot programme to help small companies with their marketing in Europe and a new scheme that would provide training for managers of small businesses on how to deal with 1992.

Above all, the Commission is trying to incorporate small and medium sized businesses into its overall EC business strategy, and help them to face the new challenges of the single market.

Bridging the innovative divide

Charles Batchelor on problems of harnessing academic support

How can industry and the academic world do more to support innovation? This was the subject which brought 50 businesspeople, academics, small business owners and the Prince of Wales together for a brainstorming session at St John's Innovation Centre in Cambridge last Friday.

The Cambridge meeting, organised by Business in the Community, the umbrella organisation for Britain's enterprise agencies, represented yet another attempt to discover why the British are apparently good at inventing things but bad at creating businesses and making money from their inventiveness.

One proposal was that large companies, universities and polytechnics should each create a single, easily-identifiable point of contact for the inventor or small company. In a large company this could be a small department with special responsibility for this area – British Petroleum, for example, has a BP Innovation Centre, which handles BP's investments in small, innovative companies and product proposals which have arisen from outside academic research.

For academic institutions the problems are those of finding possible commercial use for their research and channelling requests from businesses for help with research to the most appropriate department or researcher. Several universities and colleges found the best answer was to set up a separate company.

The company managers can take a purely commercial approach to maximise profits for the university and to ensure that the academics meet the deadlines set by the businesspeople. A frequent complaint from companies which commission university research is that academics have no appreciation of commercial timescales.

Salford University, for example, nominates an individual member of staff to be responsible for every company with which the university has links. The staff member ensures that the company gets satisfaction in dealings with the university.

A frequent problem for companies which approach universities for research assistance is that they are unable accurately to identify the problem they need solving and the problem area may cover several academic disciplines.

Postgraduate students or even undergraduates may be able to provide useful research help for companies more cheaply than members of university staff. One company sponsored a PhD student for three years to solve a problem it faced. Within a year the student had made an important breakthrough and had cost the company less than half of the sums involved in carrying out the work in-house.

Students can also prove helpful to the salaried academic staff. One college suggested using its Master of Business Administration (MBA) students to help academics be more businesslike in approaching companies to use their research.

Many academics combine a fear that the results of their research will be stolen, with an eagerness to publish their findings in academic journals, one patent agent noted. Once research has been published it is no longer patentable. Academics should obtain a patent before publishing, he suggested.

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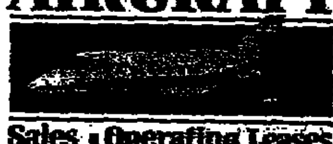

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*** REDUCED FOR A QUICK SALE *** Harrogate Town Centre 2 Star Hotel

Prime location overlooking Valley Gardens. Substantial stone built premises.
12 well fitted en suite Bedrooms, superb Lounge Bar, intimate Restaurant (28). Excellent year round turnover. Furnished to a high standard. Sales of £79,302 to 31/8/90. Excellent profits. Ref. H1343/FT

FREEHOLD £275,000 FOR QUICK SALE

Write Box H7716 Financial Times, One Southwark Bridge, London SE1 9HL

EPPING FOREST, EAST London, areas. Quality homes, prestige locations 30 minutes city, Canary Wharf, West End. Forest Bureau 081-530 3012.

HIGHGATE N6. CHARMING 4 bed t/house, tastefully furn., ready to move in. Nr. all transport. Landscape gdns. £1450-00 per month 081 341 7764.

Well presented 3rd floor flat with garage 2 receps, kitchen, 3 beds, 2 baths. Lift. Porter. 87 yrs. Park Lane Estates 071 629 0783

executive flat 3 bed, 2 bath, balconies, gdn. £400 p.w. Tel: 071 723 0844

to have a 4 bed ... designed and constructed by Master Builder, with harbour views from 1st floor, for around £200,000. Tel. 0202 732026

هكذا من الأصل

BUSINESSES FOR SALE

Touche Ross

Irondeep Limited
Irondeep Plant Limited
(In Administrative Receivership)

The business and assets of the above companies are offered for sale.
The companies are engaged in the hiring of plant for extraction and materials handling in quarrying, mining, civil engineering, waste management, and ports and local authority operations.
Main features are:
- ☐ Turnover in excess of £2 million.
- ☐ Substantial owned heavy/medium size plant and specialised equipment available for hire.
- ☐ 75% of plant on term contracts for periods up to three years.
- ☐ Trained operators.

For further information please contact the Joint Administrative Receiver, Ralph S Preece at the address below or Angus M Martin on Tel: 0226 710601.

Eleven Albion Street, Leeds LS1 5PJ.
Tel: 0532 444741. Fax: 0532 448942.
Authorised by the Institute of Chartered Accountants in England and Wales to carry on Investment Business.

Member DRT International

Touche Ross

Hydrasure Limited
(In Administrative Receivership)

The business and assets of the above company are offered for sale. The company is engaged in the repair, refurbishment and manufacture of hydraulic cylinders.
Main features are:
- ☐ Freehold premises comprising 10,000 sq ft of workshops, office accommodation and storage facilities situated at Dinnington, Sheffield.
- ☐ Skilled work force with work standards to BS 5750.
- ☐ Projected turnover of approximately £600,000.
- ☐ Good order book with wide customer base.

For further information please contact the Joint Administrative Receiver, Ralph S Preece at the address below or Angus M Martin on Tel: 0226 710601.

Eleven Albion Street, Leeds LS1 5PJ.
Tel: 0532 444741. Fax: 0532 448942.
Authorised by the Institute of Chartered Accountants in England and Wales to carry on Investment Business.

Member DRT International

DOUBLE GLAZING MANUFACTURER SALE OF BUSINESS

The joint administrative receivers offer for sale the business and assets of a major double glazing manufacturer located in Central Manchester.

- * Well equipped leasehold factory with attached offices.
- * Confirmed order book of approximately £1,000,000. Significant local authority contracts.
- * Modern plant and equipment.
- * Leading name window systems.

For further information contact:
J J Gleave or G Houghton
Arthur Andersen & Co
Bank House
9 Charlotte Street
Manchester M1 4EU
Tel: 061-200 0297
Fax: 061-200 0400
Telex: 668898

Arthur Andersen & Co is authorised by the Institute of Chartered Accountants in England & Wales to carry out investment business.

ARTHUR ANDERSEN

Touche Ross

Mechtech Engineering Limted
(In Administrative Receivership)

The business and assets of the above company are offered for sale. The company is engaged in the design, manufacture, installation and commissioning of materials handling systems for industry, and has a number of specialised own products.
Main features are:
- ☐ Two-acre long leasehold site with premises comprising approximately 14,000 sq ft of workshops and office accommodation, situated near Sheffield.
- ☐ Projected turnover of approximately £1.75m.
- ☐ Skilled work force with work standard to BS 5750.
- ☐ Specialised plant and machinery.
- ☐ Quality client list.

For further information please contact the Joint Administrative Receiver, Ralph S Preece at the address below or Angus M Martin on Tel: 0226 710601.

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Tel: 0532 444741. Fax: 0532 448942.
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Member DRT International

Touche Ross

Mainlines Limited
(In Administrative Receivership)

The business and assets of the above company are offered for sale. The company is engaged in mainlaying, service laying and related activities for the distribution and transmission networks of the utilities industries.
Main features are:
- ☐ Projected turnover approaching £10 million.
- ☐ The company has the benefit of a number of period contracts with four of the regional gas authorities.
- ☐ Substantial quantities of plant, specialised equipment and tools to equip all mobile teams.
- ☐ Rights to operate a proven guided moling system in the UK and Ireland.
- ☐ Skilled and highly trained work force.

For further information please contact the Joint Administrative Receiver, Ralph S Preece at the address below or Angus M Martin on Tel: 0226 710601.

Eleven Albion Street, Leeds LS1 5PJ.
Tel: 0532 444741. Fax: 0532 448942.
Authorised by the Institute of Chartered Accountants in England and Wales to carry on Investment Business.

Member DRT International

Priory Furniture Ltd.
(In Receivership)

The assets and undertaking of the above old established furniture manufacturing business are available for sale as a going concern.
- Operates from location in Droylsden, East Manchester and Glenrothes, Scotland.
- Manufactures a wide range of high quality furniture.
- Annual sales of over £4 million.
- Current order book exceeds £500,000.
- Skilled workforce of approximately 110.
- Computer aided design and manufacturing facilities.
- Substantial modern woodworking plant and machinery.

For further information please contact:
The Joint Administrative Receiver, AJP Brereton FCA, Price Waterhouse, York House, York Street, Manchester M2 4WS. Telephone: 061-228 6541. Telex: 669591. Fax: 061-228 1429.

Price Waterhouse

Touche Ross

The Joint Administrative Receivers, John Richards and Tony Houghton, offer for sale the business and assets of the following hotels:

THE CLOCK Welwyn
- ☐ 98 En-suite Bedrooms
- ☐ Function room
- ☐ Adjoining A1 (M)
- ☐ Extensive car-parking
- ☐ Planning permission for extension
- ☐ 1990 Turnover Est £1.5million +

THE MANSION Eastbourne
- ☐ 120 Bedrooms
- ☐ Ballroom
- ☐ Seafront location
- ☐ Peaceful rear garden
- ☐ 1990 Turnover Est. £800,000

MILDENHALL King's Lynn
- ☐ 48 En-suite Bedrooms
- ☐ Function room
- ☐ Town centre location with car-parking
- ☐ 1990 Turnover Est. £500,000

THE BELGRADE Stockport
- ☐ 146 En-suite Bedrooms
- ☐ Extensive function facilities
- ☐ Quiet location with car-parking
- ☐ 1990 Turnover Est. £1 million

For further details please contact Simon Fairfax at Richard Ellis, Berkeley Square House, London W1X 6AN. Tel: 071 629 6290. Fax: 071 493 3734.

55/57 High Holborn, London WC1V 6DX. Tel: 071 405 8799. Fax: 071 831 2628.
Authorised by the Institute of Chartered Accountants in England and Wales to carry on Investment Business.

Member DRT International

Shop Display Equipment Manufacturer

For sale the business and assets of Cardiem Limited (in receivership).

- ■ Leading UK specialists in point of sale display and merchandising packages
- ■ Extensive customer base with blue chip clients
- ■ Turnover £3 million
- ■ Leasehold premises comprising 35,000 square feet, near Halifax, West Yorkshire
- ■ Highly skilled workforce

For further details contact the Joint Administrative Receiver
Michael Hore

ROBSON RHODES
Chartered Accountants

PO Box 15, St George House, 40 Great George Street, Leeds LS1 3DQ
Telephone: 0532-459631, Fax: 0532-452823
Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business

Humberts Leisure

Sheffield Ski Village

Europe's largest and most advanced artificial ski centre for sale

- Profitable business with turnover of £590,000. Net profit circa £300,000 in first year of trading.
- Excellent communications. Population of 9 million within one hour's drive.
- Six artificial slopes providing over 1 mile of skiing, all with automatic irrigation and floodlighting.
- Maximum slope capacity of 260 at any one time. Ski lifts handling 2,000 skiers per hour.
- Planning consent for licensed ski lodge and potential for further development.

Offers invited in the region of £1.45m complete
Details: London Office, Tel: 071-629 6700 (ref TS/JM), or York Office, Tel: (0904) 611828

Humberts Chartered Surveyors
Tel: 071-629 6700
25 Grosvenor Street London W1X 9FE
Fax: 071-493 4346

FOOTWEAR MANUFACTURING BUSINESS

Unique opportunity to acquire established Goodyear welted footwear business. Potential for increased business from newly introduced quality range of hand crafted shoes shown at Olympia '90. Existing operation as stand alone or complimentary unit. Would benefit from marketing/sales input. Leasehold premises available if required.
- Stock and work in progress
- Plant & Machinery
- Goodwill (including established brand names operating in the UK and overseas including substantial European market).
- Skilled and experienced craftsmen.

Principals only write Box H7724, Financial Times, One Southwark Bridge, London SE1 9HL.

PROFITABLE ENGINEERING COMPANY FOR SALE

The company is based in Cambridge serving blue chip clients throughout the UK in the semi-conductors/chemical/pharmaceutical/biotechnology and allied industries. Ideal for company seeking UK and EEC penetration in above industries.

Interested parties please write in confidence to Box H7734 Financial Times, One Southwark Bridge, London SE1 9HL.

Latham Crossley & Davis

By Order of the Joint Administrative Receivers
Re MASTER ROCK STUDIOS LIMITED LONDON NW6

SUPERB FULLY EQUIPPED FREEHOLD RECORDING STUDIOS

VOTED THIRD MOST POPULAR STUDIO IN UK 1990

- * Extensive Client List
- * Focusrite Forte and Solid State Logic 48 Channel Console
- * Two Studios and Ancillary Accomodation

Please contact P.S.Dunn F.C.A.:-
Joint Administrative Receivers
LATHAM CROSSLEY & DAVIS
45 Conduit Street London W1R 9FB
Tel: 071 408 1868 Fax: 071 287 1045

PRESSWORK COMPANY FOR SALE

Located in the West Midlands with presswork capacity up to 750 ton including welding and assembly facilities.

T/O in excess of £2.5 m
Workforce approx 100
Full order book and a keen management team

Write Box H7710 Financial Times, One Southwark Bridge, London SE1 9HL.

PETROL FILLING STATION FOR SALE

Opposite Sainsbury car park in Bletchley, Milton Keynes. Leasehold or Freehold with (additional) income of £42,000 per annum or £65,000 income.

For further details please telephone Mr H Daly
Home 081 958 9556 or Mobile 0836 [illegible]
or Fax 081 958 [illegible]

LONG ESTABLISHED BLOWN FILM EXTRUDING COMPANY FOR SALE

Turnover £1.8 to £2 million

Write Box H7613 Financial Times, One Southwark Bridge, London SE1 9HL.

SPECIALIST RIGID MAGNETIC MEDIA MANUFACTURER - DEESIDE

The Joint Administrative Receivers offer the above well established business for sale as a going concern.
- * Only manufacturer of thin film magnetic media for disk drive units sited in Europe.
- * Fully equipped modern leasehold premises of 55,000 sq.ft.
- * Integral clean room area of 20,000 sq. ft.
- * Operational capacity in excess of 3 million units per year.
- * Highly qualified and skilled technical production team.
- * In-house research and development.
- * Excellent air and road links.

For further information please contact the Joint Administrative Receiver: Andrew Thompson.

KPMG Peat Marwick Corporate Recovery
Richmond House, 1 Rumford Place, Liverpool L3 9QY
Tel: 051-236 5052. Fax 051-236 1882.

MANUFACTURER OF MINING ELECTRICAL EQUIPMENT

- * Turnover circa £600,000
- * Specialised switchgear products
- * Manufacture, repair and refurbish
- * Blue chip customer base
- * Leasehold premises, Yorkshire
- * 1 mile from M1
- * Now for sale

Principals only Write Box H7720 Financial Times, One Southwark Bridge, London SE1 9HL.

Printing Business For Sale

Long Established Printing Company
Turnover of £3,000,000 and Profitable
Owner to retire next year
Good Long Standing Clientele
Might Suit Non-Printing Group

Write Box H7714 Financial Times, One Southwark Bridge, London SE1 9HL.

INDUSTRIAL PREMISES FOR SALE OR TO LET

Three Acre Industrial Site with Four Substantial Buildings of 8,000 to 32,000 sq.ft. totalling 60,000 sq. ft. with Country House Office Accommodation of 6,000 sq. ft. Adjacent 2 acre Industrial Site with Planning Consent also available. Location near Farnham in Surrey.

Write Box H7699, Financial Times, One Southwark Bridge, LONDON. SE1 9HL.

Carmarthen Private Hospital Limited
(In Administrative Receivership)
Trading as The Memphis Hospital

The business and assets of the above company are available for sale.
- The company owns and operates the Memphis Hospital, near Carmarthen in South West Wales.
- This is a recently constructed 30-bed private hospital with full theatre and extensive medical facilities for both in and out-patient services.
- The hospital is registered with the local Health Authority and has been established for 7 months.
- The hospital benefits from the support of local Consultants and contracts with local Health Authorities.

For further information please contact:
Derek A Howell of Price Waterhouse, Haywood House, Dumfries Place, Cardiff CF1 4BA. Telephone: 0222 376255. Fax: 0222 374124; or the receivers' appointed agents – Graham Hughes or Sandra Clark of Richard Ellis, 55 Old Broad Street, London EC2M 1LP Telephone: 071-256 6411. Fax: 071-588 9115.

Price Waterhouse

Jarogate Limited

Joint Administrative Receivers:
Neil Harrison, SCA MIPA and Christopher Benbow, SCA MIPA

COMPUTER MANUFACTURER

Offers invited for assets including:
- Leasehold premises, South Surbiton, Surrey.
- Finished stocks and components, estimated value £80,000.
- Plant and equipment.
- Over 4,000 units sold under 'Sprite' name.
- Skeleton staff.

For further details contact:
Douglas Gammell, FRICS
300 Derby Road, Nottingham NG7 1NJ
Tel: (0602) 476052

finnies
CHARTERED ACCOUNTANTS

TELECOMMUNICATIONS SERVICE COMPANY

Specialising in

INFORMATION PROVISION ON TELEPHONE NETWORKS

and

AUTOMATED NETWORKS

Turnover £5 million
Profit £0.5 million

No debts

Reason for sale: Strategic realignment

Principals only Apply

WRITE BOX H7737 Financial Times, One Southwark Bridge, London SE1 9HL.

BIZZ-BUZZ

Business to Business Newsletter available with lists of companies for sale, buying Companies, small Venture Fund and other opportunities,
fax or phone 0636 815265 or write JOBTEL LTD, 10 Chimes Meadow Southwell, Notts NG25 0GB

FRANCE:

MINERAL WATER BOTTLING PLANT. Unique business opportunity due retirement. All in excellent order. Enormous potential for expansion from 4 natural springs. £3.3m. E-B-W.

Tel: 04027 52269.

HIGH TURNOVER NURSING HOME GROUPS

50 to 500 beds

Telephone Keith Tompkins

081 464 6565

PHOTOCOPYING BUSINESS

- * 8000+ Machines
- * Substantial Service Revenue
- * Substantial Profits

Write Box H7707 Financial Times, One Southwark Bridge, London SE1 9HL.

BUSINESSES FOR SALE

London Park Hotel

Brook Drive, London SE11

The Joint Administrator offers for sale the business and assets of the above hotel.

- Freehold Hotel, 10 minutes from Waterloo, comprising:
  - 377 Rooms - 2 Restaurants - 2 Bars
  - 6 Function Rooms - 16 Staff Accommodation Rooms
- Annual Turnover - £3.6 Million
- Trading Profit - £1.4 Million
- Occupancy Level - 75%
- Large number of advance bookings
- An adjacent area of freehold land for which planning permission has been applied for.

For further details, please contact:-
Iain J Allan, Joint Administrator, Grant Thornton.
Grant Thornton House, Melton Street, Euston Square, London NW1 2EP
Tel: 071-383 5100 ext. 2413 Fax: 071-383 4077

Grant Thornton

The U.K. member firm of Grant Thornton International. Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

SCOTLAND

Heather Hills Honey Farm, Bridge of Cally, Perthshire

This long est. & profitable fully equipped honey production facility is situated in a scenic area of Perthshire. Est. customer base. Advisory beekeeping knowledge and general assistance available to purchaser.

For further particulars contact:
A & R Robertson & Black, w.s.
4 Perth St, Blairgowrie, Perthshire PH10 6DQ Tel: (0250) 5050

ESTABLISHED TIMBER COMPONENT MANUFACTURER

North London

Sales £500,000
Multi industry customer base
Some proprietary products

Write Box H7694, Financial Times, One Southwark Bridge, London SE1 9HL

N R B Godden and M Palios, Joint Administrative Receivers of Zenith Electric Co Ltd offer for sale

Smith Hobson Ltd and Zenith Electric Co Ltd

- Custom engineered voltage, current and precision transformers
- Specialist test equipment for ESI plus range of unique products
- International reputation for quality products
- Annual T/O £1.5m ; current labour force 50+
- Current order book £555,000+
- Long established blue chip customer list
- Leased premises in Bletchley

All enquiries to the Joint Administrative Receivers of Zenith Electric Co. Ltd, Cork Gully, Oriel House, 55 Sheep Street, Northampton, NN1 2NF. Tel 0604 230799 Fax 0604 238001.

Cork Gully is authorised in the name of Coopers & Lybrand Deloitte by the Institute of Chartered Accountants in England and Wales to carry on investment business

Cork Gully

FOLLETT PLC, FOLLETT JAGUAR LIMITED and FOLLETT ITALY LIMITED

(All In Receivership)

The Joint Administrative Receivers, J S Baird and E D S Kirker of Pannell Kerr Forster & Partners, offer for sale the businesses of the companies.

* Jaguar dealership
* Alfa Romeo dealership
* Bimota motorcycles dealership
* Turnover y/e 1989 circa £15 million
* Central London showrooms in prime locations and aftersales service workshop facilities
* Group established for over 50 years with additional dealerships
* Skilled workforce of 75

For further details please contact:- Edwin Kirker or Tim Howes, Pannell Kerr Forster & Partners, New Garden House, 78 Hatton Garden, London, EC1N 8JA. Tel: 071 831 7393. Fax: 071 405 6736.

PANNELL KERR FORSTER & PARTNERS
INSOLVENCY PRACTITIONERS

Authorised by The Institute of Chartered Accountants in England and Wales to carry on investment business.

PROFESSIONAL DIVER TRAINING SCHOOL

Fully equipped and with Lloyds, Hse & CSWIP.
Shore premises in South West
Good and rapidly expanding order book resulting from present international situation
Guide Price £150,000

David King consultancy
112 Ennerdale Road
Richmond TW9 2DS

STATIONERY DISTRIBUTORS AND OFFICE EQUIPMENT

With branches - Southern England
Turnover £2.5 m
Continuing executive management
Illness necessitates sale

Write Box H7735 Financial Times, One Southwark Bridge, London SE1 9HL

FOR SALE

Electrical Company Specialist Control Panel Service - Installation - Design
Turnover £750,000 E.C.A. Member
Wide customer base - Local authorities, Hospitals, etc.
Excellent staff structure

Write Box H7729 Financial Times, One Southwark Bridge, London SE1 9HL

Wholesale and Retail Travel Business

Destinations Destinations Destinations

- Leasehold office and shop premises in East Sheen, SW14
- Good corporate and individual client base
- Specialist Southern Africa Unit
- Turnover circa £3.5 million

All enquiries to Shelley House, (ref MJL), 3 Noble Street, London, EC2V 7DQ. Tel: 071 606 5510, Fax: 071 606 9887.

Cork Gully is authorised in the name of Coopers & Lybrand Deloitte by the Institute of Chartered Accountants in England and Wales to carry on investment business

Cork Gully

BUSINESSES WANTED

HOTELS

Our clients, based abroad, are looking for Hotels with between 90 to 130 rooms.

Investment/Controlling interest or interest with Management Control in a private or public Hotel/Leisure Company will be considered.

Contact
M Chatur

M Chatur Associates
CHARTERED ACCOUNTANTS

Tel: 071 729 6126
Fax: 071 729 6131
89 Kingsland Road
London E2 8AG

Powerpark Limited (In Liquidation) formerly trading as GOLD'S GYM

Fully Equipped Gymnasium and Health Centre

GOLD'S GYM — Dedicated to a fitness lifestyle

The Liquidator of Powerpark Limited offers for sale a fully equipped gymnasium and health centre in north London including:-

- Long leasehold on premises (approximately 28,000 square feet).
- Complete range of machine and freeweight training equipment.
- Large aerobic/training area.
- Kitchen/catering facilities.
- Integrated stereo sound system complete with large video screen.
- Fully refurbished interior together with administrative offices.

For further detailed information kindly contact:
Peter Phillips, Ted Wacey or Philip Lee of Buchler Phillips & Co. 84 Grosvenor Street, London W1X 9DF.
Telephone: 071-493 2550
Facsimile: 071-629 9444

BUCHLER PHILLIPS & CO.

FERRYCARRIG HOTEL

Wexford, Republic of Ireland

A rare opportunity to purchase this highly recognised, award winning Hotel. Set in 8.5 acres, on the banks of the River Slaney, close to Wexford. 40 purpose built en-suite letting bedrooms with every amenity. Highly acclaimed conservatory restaurant. Detached owners bungalow. Potential to add major function/conference room. Expected T/O yr end 30/11/90 IR £860,000 net.

Offers around IR £1 million.

Contact Joint Sole Agents

Christie & Co., London. Patrick Ryan 071-799 2121

Birmingham & Co., John Birmingham 0001 613 312

CHRISTIE & CO

OVERSEAS DIVISION

WANTED ENGINEERING BUSINESS

The Board of a successful engineering group wish to acquire, for cash, a similar business. Funds readily available for the right proposal.

Ideally West Midlands based, profitable, with a T/O in the range of £4 - £10 million.

Principals only. Reply in strictest confidence. Write Box H7733 Financial Times, One Southwark Bridge, London SE1 9HL.

FULL LISTING PLC REQUIRED

Investment Team wishes to recapitalise and reinvigorate shell company with full or USM listing and stable trade.

Objective is to manage the company as a vehicle for acquisition and growth.

Principals only to Write Box No H7705 Financial Times, One Southwark Bridge, London SE1 9HL.

ENGINEERING COMPANY WANTED

To help expand our OE involvement in manufacturing and supplying mechanical components/assemblies to automotive and engine manufacturers.

Our skills lie in design, development and high quality large volume manufacture.

Acquisition or the purchase of assets and goodwill associated with a particular product or product line/s will be considered.

Please write a brief profile in confidence to Box H7733 Financial Times, One Southwark Bridge, London SE1 9HL.

The Administrative Receivers offer for sale

Shirequest Limited T/A Broadlands Nursing Home

In Receivership

Nursing home business for sale

- Annualised income approximately £450,000.
- Freehold building occupying 4 acre site, built to a high specification in 1988.
- Registered sleeping accommodation 34, with planning permission granted for a further 15 and prospects of further expansion.
- Average occupancy rate in excess of 90%.

For further information, please contact: Joe Considine, or Graham Lovell, Cork Gully, Churchill House, Churchill Way, Cardiff CF1 4XQ. Telephone 0222 238823, Fax 0222 345626.

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Cork Gully

NEWBOULD ENGINEERING SERVICES LIMITED

(In Administrative Receivership)

The Joint Administrative Receivers offer for sale the business and assets of this company of electrical engineers and control systems manufacturers.

- Annual turnover £3 million
- Freehold premises in Wolverhampton, West Midlands
- 88 employees
- Excellent customer base

For further information contact the Joint Administrative Receiver, Mr A.J. Galloway at BDO Binder Hamlyn, Mander House, Mander Centre, Wolverhampton, WV1 3NF. Telephone 0902 714828, Fax 0902 711475.

BDO BINDER HAMLYN

Chartered Accountants

Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

BUSINESSES WANTED

1) Homes Developers
2) Housing Regeneration

If you are a homes developer or a contractor with significant housing refurbishment/regeneration interests and you are interested in selling your business, we are a plc interested in buying. It is likely that your turnover would need to be in excess of £5 million.

Please write to Box H7717 Financial Times One Southwark Bridge, London SE1 9HL

CONTROL OR SUBSTANTIAL MINORITY SHAREHOLDINGS WANTED

In USM, 3rd market, 535.2 and private companies.

Corporate Credit Services Ltd
A member of the Securities Association
A subsidiary of Corporate Registrars International Plc
Tel: 0222 382115
Fax: 0222 382118

Offered For Sale

National Tyre & Exhaust Retailers

Webbex Limited in receivership, trading as Treadex Motorist Centres, Luton, Bedfordshire

- Tyre wholesaling operation at Dunstable, Bedfordshire
- Freehold head office in Luton
- Fast-fit Centres operating out of 17 newly refurbished leasehold centres in North West, Midlands and South East
- 80 employees
- 6 Months turnover - wholesale £2M - fast fit £1.5M

For further information please contact:- David Farren, Webbex Limited, Telephone: 0582 482555, Fax: 0582 482492, or Mark Palios Joint Administrative Receiver, Cork Gully, Mount Pleasant House, Huntingdon Road, Cambridge, CB3 0BL Telephone: 0223 313611 Fax 0223 462111.

Cork Gully is authorised in the name of Coopers & Lybrand Deloitte by the Institute of Chartered Accountants in England and Wales to carry on investment business

Cork Gully

Property Development Opportunities

Coopers & Lybrand Deloitte are co-ordinating the sale of a number of Property Developments, completed, part completed and undeveloped sites, some with planning consent for sheltered housing, throughout the country.

For an information sheet with details of the agents acting on our behalf in the marketing of each individual development, please contact Nicholas Reed of Coopers & Lybrand Deloitte, 5 Albion Place, Leeds, LS1 6JP Fax 0532 434567 or telephone 0532 455166.

Coopers and Lybrand Deloitte is authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business

Coopers & Lybrand Deloitte

Businessman (late 20's)

with experience in Merchant Banking has up to £300,000 to invest in viable North West business. Outright purchase considered but active interest, especially in phased retirement situation preferred.

Write Box H7700, Financial Times, One Southwark Bridge, London SE1 9HL

EMPLOYMENT AGENCY WANTED

Within East Anglia

Cash purchase, partnership, joint venture, all considered.

Write Box H7701 Financial Times, One Southwark Bridge, London SE1 9HL.

PLANT HIRE COS

for acquisition or merger. Write in confidence with full details to
The Managing Director, Box H7347, Financial Times, One Southwark Bridge, London SE1 9HL

HOTELS

Soundly based hotel group established for 20 years is seeking further units in the central London area to lease or run under management contract. May suit Mortgagees and receivers as temporary solution pending ultimate disposal. Short or long periods would be considered. Excellent covenant.

Contact: P.M. Lowy, Chairman, Hotel Vienna PLC, 16 Leinster Square, London W2 4PR. Tel: 071 286 0271, Fax: 071-229 3917

Well established West Coast radio cab company.

150 cars, mostly owner drivers paying £8K per week in rentals cash. Present owners retiring after 17 years. Includes two freehold town centre properties professionally valued £325K and 36 own vehicles rented out at £110 per week each.

Business exchanged recently to previous manager at £1.3 million, however deposit forfeited.

Price £950K O.V.N.O. Absolutely no time wasters.

Write Box H7691, Financial Times, One Southwark Bridge, London SE1 9HL

Does Your Business Have a Turnover of £2 Million?

We are interested in purchasing non service based companies. Existing management/staff retained.

Write Box No H7741, Financial Times, One Southwark Bridge, London SE1 9HU.

Pub Group Required

Three units plus. Pref. Greater London area. Existing personnel and head office staff retained.

Write Box No H7740 Financial Times, One Southwark Bridge, London SE1 9HU.

EXECUTIVE EDUCATION

University of London — DIPLOMA IN JAPANESE AND THE JAPANESE ECONOMY

SOAS

Sponsored by the DTI

Doing business with Japan or intending to in the future?

This enterprising and unique course provides all the skills essential for successful operation in the competitive Japanese market.

- Intensive task-oriented instruction in written and spoken Japanese enabling the candidate to write business letters, read newspapers and to conduct work-related and social conversations.
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FT LAW REPORTS

Arbitration case can go to Court of Appeal

THE BALEARES
Court of Appeal (Lord Justice Dillon, Lord Justice Ralph Gibson and Lord Justice Leggatt): November 14 1990

LEAVE MAY be granted to appeal from a judge's decision on an appeal from arbitrators if, bearing in mind the desire for speedy finality in arbitration cases, the certified question of law is worthy of consideration by the Court of Appeal because there is sufficient doubt as to the correctness of the judge's decision, or because a Court of Appeal decision would add significantly to the clarity and certainty of the law, or for some other reason.

The Court of Appeal so held, Lord Justice Dillon dissenting, when allowing an application by Trammo Gas Ltd, charterer of the Baleares, for leave to appeal from Mr Justice Webster's decision (*FT* March 20 1990) setting aside an arbitration award made in Trammo's favour against the shipowner, Geogas SA.

Section 1(7) of the Arbitration Act 1979 provides: "No appeal shall lie to the Court of Appeal from a decision of the High Court on an appeal under this section unless — (a) the High Court or the Court of Appeal gives leave; and (b) it is certified by the High Court that the question of law to which its decision relates is one of general public importance or is one which for some other special reason should be considered by the Court of Appeal."

LORD JUSTICE DILLON in a dissenting judgment, said that Geogas chartered Baleares to Trammo to carry cargo from Bethiona in Algeria to discharge ports.

The charterparty provided that the vessel should "with all convenient despatch proceed" to Bethioua, laydays commencing January 30 1987 "cancelling February 5 1987". On February 6 Baleares had not arrived at Bethioua. Trammo cancelled the fixture.

Arbitrators awarded Trammo $1.42m damages. Mr Justice Webster allowed Geogas's appeal and set aside the award. Trammo now sought leave to appeal against that order. The relevant statutory provision was section 1(7) of the Arbitration Act 1979.

Mr Justice Webster certified two questions of law under section 1(7)(b). It seemed he was certifying them as questions of general public importance.

The application for leave to appeal came first before Lord Justice Staughton. He refused leave. He said he was required by authority not to grant leave "unless there is a strong *prima facie* case that the judge was wrong, this not being a one-off case". He was taking the view that he ought to follow the guidelines laid down by the House of Lords in *The Nema [1982] AC 724*.

Trammo renewed its application before the present court.

Mr Rokison's main submission for Trammo was that Lord Justice Staughton was wrong in supposing that he was constrained to apply the the *Nema* guidelines. He submitted that the Court of Appeal had a much wider discretion.

In *Babanaft [1982] 1 WLR 871*, a one-off case, the Court of Appeal refused leave to appeal under section 2 of the 1979 Act against determination of a preliminary point of law. It applied the *Nema* test that on perusal of the relevant clause and judgment without full argument, it was not apparent that the judge's decision was "obviously wrong".

In *Roachbank [1988] 2 Lloyd's Rep 387*, where Mr Justice Webster had granted a certificate but refused leave to appeal, Lord Justice Neill said that before leave could be given, the *Nema* conditions would have to be satisfied.

The *Nema* guidelines were only guidelines. There might be cases where a broader view might be taken in granting leave. But the Court of Appeal in *Babanaft* and *Roachbank* had established that in the ordinary case leave to appeal under section 1(7) ought not to be granted unless the *Nema* guidelines were satisfied. This was an ordinary case. There was no strong *prima facie* case that Mr Justice Webster was wrong. Leave to appeal should be refused.

Alternatively if the conception of a strong *prima facie* case was too nebulous to be a reliable guide, the question was whether a Court of Appeal decision would add significantly to the clarity and certainty of English commercial law (see *Nema* page 743E). It would not. For that reason also leave to appeal should be refused.

LORD JUSTICE RALPH GIBSON for the reasons given by Lord Justice Leggatt, said that the application should be allowed.

LORD JUSTICE LEGGATT said that section 1(2),(3) and (4) of the 1979 Act provided for appeal to the High Court on any question of law arising out of an arbitration award, with the parties' consent or leave of the court.

In *The Nema* the House of Lords gave guidelines, reinforced in *The Antaios [1985] AC 191*, about the way in which High Court judges should apply those provisions. At page 739F Lord Diplock said the judicial discretion whether to grant leave involved deciding between "the rival merits of assured finality", and the resolution of doubts as to the accuracy of the "legal reasoning followed by the arbitrator".

That passage was plainly confined to appeals from arbitrators. Lord Diplock gave his classic exposition of the tests to be applied according to whether a case was a one-off case or not. Both were expressed exclusively in terms of arbitrators. The distinction was drawn between refusing leave (page 743A), so leaving the parties to accept "for better or worse the decision of the tribunal they had chosen", and giving leave (page 743E) in circumstances where a court decision "would add significantly to the clarity and certainty of English commercial law".

In arbitration cases the important step to restrain was the transfer from the private to the public domain by way of appeal from arbitrators to a judge. Arbitrators' decisions were not binding on each other. Court decisions were persuasive *inter se*, and likely to be published. It was therefore of much greater importance that judges' decisions on appeal from arbitrators should be correct. That was best achieved by application of a less strict test for allowing leave to appeal from judges than from arbitrators.

In *The Roachbank* there could have been little if any argument on the present topic; the court expressly disclaimed any intention of giving guidance, and only enunciated the principles to be applied in that case; those principles were taken from the passage in *The Nema* which related not to the guidelines, but to section 1(7): the *Roachbank* application was for leave to appeal from the decision of a judge who had upheld an arbitrator's award, so that the parties were being left by the Court of Appeal to the decision of the tribunal of their choice.

For those reasons *Roachbank* was not binding on the present application.

Babanaft was concerned with an application for leave to appeal under section 2. Although the test of whether the judge's decision was "obviously wrong" was applied, that did not prevent the court in the context of section 1 from applying a less restrictive test.

The *Nema* guidelines were not intended to apply, and did not apply, to applications for leave to appeal to the Court of Appeal. There was no reason why the test for giving leave to appeal from a judge should not be different from that for giving leave to appeal from arbitrators.

Given that the judge must be satisfied that the question of law fell within section 1(7)(b), the test should be whether the question law was worthy of consideration by the Court of Appeal

That would include assessment of whether there was sufficient doubt about the correctness of the judge's decision to warrant such consideration; whether a Court of Appeal decision "would add significantly to the clarity and certainty of English commercial law"; and whether for some other reason the Court of Appeal would agree to consider the question of law.

Provided due regard was paid to "speedy finality" there was no justification for making appeals more difficult to maintain that other appeals in respect of which leave was necessary.

The present case was a proper one in which to give leave to appeal. It involved two points of law of general public importance. The sum at stake was nearly $1.5m. The argument for permitting Trammo to appeal was strong because, having won before three experienced arbitrators, it had lost on appeal. Speedy finality should bow to legal fidelity.

The application should be allowed.

For Trammo: Kenneth Rokison QC and Peter Gross (Ince & Co).
For Geogas: Peter Goldsmith QC and Jeffrey Chapman (Middleton Lewis Lawrence Graham).

Rachel Davies
Barrister

TECHNOLOGY

Light at the end of the tunnel

OPINON surveys among top executives make the information technology investment paradox painfully clear; four out of five managers think that IT is critical to competitive advantage. Yet almost the same proportion believe their firms use IT poorly.

As IT costs mount in most companies, the problem seems to be getting worse. These concerns drove Impact Performance, a small company based in London's South Bank Technopark with special expertise in computer-based training, to consider how companies justify the way they spend IT.

The result of their research – a method by which the users, rather than the builders of computer systems can assess whether they are getting what they want out of IT – is exciting interest among some of the UK's most advanced computer users, including Marks and Spencer and the Grand Metropolitan group. It has also encouraged a management consultants Coopers Deloittes to sign a marketing agreement with Impact Performance for the product.

Brian Raven, Impact's managing director, points out that the way large computer systems are built is well understood and there are plenty of sets of rules or "methodologies" to help computer specialists in their work. Nothing similar exists for the customer, the manager in a large company with the responsibility for ensuring that a new system has been specified properly, built correctly or does what it is supposed to do.

Impact's product, "Check-it", consists of checklists for each stage of the development process written in business language rather than computer jargon. They are supported by computer-based training and "hand holding" from Coopers Deloittes. The quality and integrity of the checklists have been guaranteed by Admiral, a UK software house used extensively to monitor government computer developments. Marks and Spencer was the testbed for the final stage of Check-it. At £25,000 for a licence, it is probably only for companies developing large projects.

AC

Paul Strassmann speaks to Alan Cane about how to get the most from an investment in IT

Guidance through the maze

To describe Paul Strassmann as an iconoclast in the computer-centred world of information management is to risk understatement.

His amiable manner and easy smile disguise a determination to strip away what he believes are layers of obfuscation which have concealed the real value of computers in business.

Strassmann is a former strategic planner at Xerox Corporation whose obsession with demonstrating the real benefits of information technology in corporate performance has sustained him during a 15-year investigation of the factors affecting corporate behaviour.

His central concern is to establish ground rules for the effective and efficient use of computers to improve business performance. The equation is relatively simple where computers substitute for labour in, for example, accountancy.

Where they are used to help staff carry out their jobs more effectively, the question of justifying investment becomes more complex. A paradox has emerged. While consultants and business schools collect case studies of companies that have used IT for competitive advantage, many investigations have concluded that managers are either unsure or positively doubtful about the benefits ensuing from computerisation, resulting in a belief that if there are benefits they are hard to measure.

Strassmann is not impressed by much of the competitive advantage case studies which he dismisses sniffily as "astrology, not science". He praises, on the other hand, Peter Weill of New York University Business School who developed a model for testing whether IT improves business performance. It was, Strassmann said, "a noteworthy contribution to the small body of research based on the analysis of actual business results. Most of his findings go counter to the popular lore based on hope, adventure and salesmanship."

Such observations indicate his fervent belief in measuring, recording and comparing. The first results of his own investigations were published five years ago in a book, Information Payoff, in which he introduced the concept of Return-on-Management (R-O-M), a method of calculating managerial productivity – or, as he puts it, "how many dollars you get for every dollar paid for management." Measuring managerial productivity is the key to knowing how to invest in IT, he says. His new book, The Business Value of Computers*, explores the concept further and sets out the results of his research in detail.

This is not an easy book with simple conclusions but Strassmann's argument comes through clearly. There is no relationship between the amount of money which a company spends on computers and its profitability or productivity. A company benefits from IT only by using it to support its investment in management.

The source of his conclusions is a database he has built up of the performance of some 292 companies during a project called MPIT (Management Productivity and Information Technology).

Others have used the MPIT data to draw their own conclusions. A five-year study by the Massachusetts Institute of Technology, called Management in the 1990s, investigated the role of technology in management issues. It includes a contribution from Gary Loveman, a researcher on the project, who used the MPIT database to conclude: "Expenditures on IT capital were less effective in improving productivity than any other type of expenditure considered."

Paul Strassmann: IT should take a supporting role

Strassmann thinks this is too severe an analysis: businesses which over-achieve do not spend more money on computers, but concentrate their IT investment in areas which improve their service to their customers. Underachievers spend their computing dollars on overheads, areas customers neither see nor care about.

Which companies does he believe use IT to support management in the way he envisages? His list includes Du Pont, which developed an expert system to help its customers design food containers; Toyota, which cut the time taken to make and deliver a new car to a customer from 28 days to eight days; and Akzo Coatings, which developed an automated system for estimating and scheduling vehicle repairs.

In each case, he points out, the company could have taken a similar strategic advantage without the use of computers – the significant gains came from different ways of doing business and better ways of using employee talents.

**The Business Value of Computers. The Information Economics Press. Available in Europe only from Business Intelligence (081 944 1591). £42.*

IT disguises its looks

There is a "culture gap" between information technology directors and business managers in many companies which is so wide that IT directors believe they cannot discuss their real IT objectives openly at board level. In consequence, they seek approval for IT investments on *false* grounds which they believe the board will accept.

The evidence for this "hidden agenda" in IT investment planning, which could go a long way to explaining why there is so much disappointment over the apparent return on investment in computers, has emerged from research conducted by C.B.B. Grindley of Price Waterhouse and the London School of Economics.

He gives as an example the IT director who was anxious to create an electronic infrastructure which would prove appealing to middle managers he believed the company should do its best to retain. The high cost of the project had to be disguised as investment in electronic mail and electronic *data interchange to pass the board's* scrutiny. An obvious consequence was that efforts later to test the return on investment for the systems installed measured the wrong benefit.

Grindley's findings are supported by the latest FT/Price Waterhouse opinion survey carried out among the UK's top IT directors. It shows that while not every director believes in the culture gap, most think it not only exists but damages business performance. The most common view was that it was losing companies the chance to use information technology to take competitive advantage; others felt it was forcing them to use artificial measures to justify investment.

The cause of the gap, many felt, was that top managers failed to understand *the potential value of IT for business* success. Almost as many felt that data processing staff did not understand the business implications of IT. Comments from directors included: "Despite IT being a major company expense, it is still not being taken seriously enough"; "I believe the gap exists because IT has isolated itself to avoid direct accountability"; "There is still an erroneous belief that IT is for the young. Senior user management is hoping its junior staff will solve all its IT problems, but it doesn't supply a framework of business discipline and support."

Asked what could be done to overcome the problem of the gap, the most popular solution was to whittle away at the problem slowly, attempting to gain a few recruits to the IT cause from general management each time a project led to observable benefits.

The importance of persuading the chief executive to support and insist on *implementing IT strategies* was seen as important but there were mixed views about "hybrid managers", executives with experience in both the data processing centre and in line management.

While it was the third most popular solution, one director noted critically: "The hybrid manager bandwagon is ill-conceived and unhelpful. The British Computer Society [which is promoting hybrid programmes] is out of touch with reality in its campaign on this."

No director said they would put their job on the line if their chief executive failed to support IT proposals.

AC

Eastern Europe's legacy of neglect

By John Lloyd

Communism collapses for, as much as anything else, its technical obsolescence. All over eastern Europe, and especially within the Soviet Union, the bureaucratic nature of the regimes is palpably signalled in the proliferation of offices within which piles of yellowing papers sit on desks, or seek to escape from cupboards.

In shops and banks, the abacus is much more common than even an electro-mechanical calculator, far less an electronic one. Robotised production is limited to a tiny number of plants, mainly in defence. Personal computers are no longer unknown, but they are still rare.

This is, in formal terms, curious. Communism was crucially about creating a new age with the most modern of methods. It was supposed to embrace technology, science and progress.

Yet within it, too, were contradictory strains. First, it was about the politics of the working class: moreover, of a working class conceived of in 19th century terms – working in huge groups in heavy industries, producing primary goods. In communist ideology and practice, this class was not just those who worked – it was a guarantor of communist legitimacy. Thus the case for preserving it as originally conceived was very strong. The thought of a new industrial order in which computers and automation increasingly fragmented the workforce, demanding new skills and a more independent outlook, was instinctively rejected.

Second, the West took and held the lead in computers and automation early on. Soviet science, especially Soviet mathematics, was of high quality, but it had been decimated by Stalin at just the time – late 1940s and 1950s – when the first great strides in computerisation were being made. It was not considered proper to *run after the West: and as the* Cold War deepened, the possibility of importing western technology narrowed to a vanishing point. Duplication of western inventions has been slow and inefficient.

Third, the most obvious advances in western technologies have been in consumer markets – in products, in high street banks, in store technology, in cars. Communist societies were producers' societies: the consumer was a residual, something tacked on to the end of the production line – thus the pressure to woo the consumer, to compete with others who might woo *him or her* more successfully, was, and still is, almost wholly absent.

TECHNICALLY SPEAKING

Finally, computerisation put vast amounts of data and intelligence in the hands of the users. It implicitly challenged the *monopoly of* information by the Party or the State. It threatened to cultivate independence, and alternative analyses. It had to be controlled, monopolised.

Many of these barriers to technical innovation either have been or are being removed. In newspaper offices, on production lines, in warehouses, the first signs of new technologies are appearing: often in the form of screens surrounded by a huddled group of puzzled men, trying to make sense of a computer manual.

Yet in many offices, the newly delivered screens sit gathering dust beside the still functioning ancient typewriters. The legacy of the decades of neglect and hostility is one of bewilderment, even fear, of the new machines. Eastern Europe has many fewer of every sort of the new technology than Latin America: if now seeks to plug in without passing through a period of "growing up" with the new machines.

There are, of course, a handful of "computer nuts" who have battled against the odds to master the new science. They are all overworked. But there is, as well, a vast mass of ignorance.

هكذا من الأصل

The Snow Queen

KAMMERTHEATER, STUTTGART

Despatched to the back of the auditorium with the other adults, the pleasures of hindsight become clear. *The Snow Queen* is a tale that ages with its audience; in his Stuttgart Christmas production, Jorg Fallheier turns it into a play which enchants but which also plays out the uses of enchantment. There is the flurry of adventure and snowstorms and talking reindeer, and then the shock of recognition when myth and meaning emerge from the well-known images.

The story of childhood sweethearts whose idyllic existence is threatened by a mysterious woman in white carries psychological resonance beyond anything else in Hans Christian Andersen's work. "I have imagined so much and had so little". Andersen said at the end of his life. Behind the fable of warmth melting ice in the land of the northern lights, is this the tale that gives away adolescent yearnings?

Subtle performances from Dirk Fenselau and Sandra Flubacher make Kai and Gerda fairy tale characters whose agonised confusion suggests a human dimension: he the contented youth turned spitefully destructive by the kiss of the Snow Queen, she the abandoned girl keeping faith less from hope than from terror at the thought of despair. Against them, Elisabeth Ebeling's Snow Queen is all satin-and-fur sophistication, the experienced woman icily sure of herself.

Contrasts between the warmth of belonging and the mystery and menace of the bitter outside are emphasised by Axel Schmitt-Falckenberg's settings. The picture-book room, cosy with old stove and wooden furniture, becomes an icy shell when the Snow Queen puffs in through the window in a billow of white smoke. Enchanted night – luminous coloured bubbles circling a darkened auditorium – gives way to frosty daylight for Gerda's trip to the North Pole.

Will she get Kai back, or is his heart frozen like the ice palace where she finds him shuffling blocks of letters to form the word 'eternity'? Andersen keeps us guessing, but in the end he believed in second chances (he used to carry around a note saying "I only seem dead" for fear of being buried alive). In the Jewgenij Schwarz version of the story followed here, Gerda's quest becomes something of a pantomime joy ride: stagy horrors and saccharine splendours set off Andersen's sentimental intensity.

Three cheers for the tacky and the trendy: the tinsel kingdom of child princes and human clockwork soldiers, giant keys in their backs; the camp raven (Siegfried Gressl) in his feathery jacket and beak-mask hopping through the arctic with the sexy, fishnet-stockinged crow (Catrin Flick). You could meet them any day in downtown Stuttgart. Familiar also are Carsten Otto's top-hatted Dickensian villain, the councillor of commerce, who believes that if people are turned to ice he will be able to sell them; Tatjana Clasings' robber girl, the sort of frenetically helpful friend one could do without; Uwe Tuttlies' tentative reindeer lopping about on a pair of furry skis. Sitting at the back, you don't get sprinkled with magic silver dust but you do get an overview of the human types bulging out of this production.

Jackie Wullschlager

Personal preoccupations

William Packer reviews one man-shows in London

The most substantial of the current crop of one-man shows is the retrospective study of the work of Keith Vaughan now at Agnew's (43 Old Bond Street W1: until December 14). Vaughan died in 1977 by his own hand at the age of 65, in the knowledge that he was mortally ill of a cancer of the bowel, impotent and unable to work. It is a melancholy story which lately has been more than adequately aired by the publication of his journals (John Murray: £17.95) and the biography by Michael Yorke (Constable: £25). Both books deal openly but with a civilised sensitivity with his homosexuality and, in particular, his obsessive auto-eroticism, that became in his own mind the driving force of his creativity, the physical deprivation of which signalled his end.

Interest in such matters is natural enough, but the danger is always that the circumstances of the life may intrude too much on the quality and nature of that life's achievement. In this case great emphasis has been laid on Vaughan's supposed isolation as an artist, in his later years especially, and the consequential neglect of his reputation after his death. From his journals it is clear that the depression and even despair he felt in this regard, through the 1960s and 1970s were perfectly sincere, but that is not to say they were altogether justified.

Vaughan was in many ways that characteristic figure in British art, the odd-man-out, his particular peculiarity that of the neo-romantic whose work was founded in a profound interest in Cézanne and what followed in early Cubism. As a student I remember his being considered an independent and serious artist, a major figure certainly in the context of British art, and my recollection is that he continued in that standing at least until his death. That he was never so successful as to be able to give up his commitments as a teacher, while younger and lesser talents flourished, is merely par for the course. What is true is that after his death, with fewer shows to sustain it, his reputation was eclipsed to some extent. But that is not to say he was forgotten: on the contrary, the fewer works about have been assiduously collected in the interval, all the more so with the ever-growing interest in his period and generation.

What this exhibition gives us is the full measure of his quality as an artist throughout his career. The talent was manifest from the start but already, by the late 1940s, what was at first a decorative and illustrative bent, derivative of Sutherland, Nash and Piper and the generality of neo-romanticism, had developed into something entirely personal. The simplicity of the statement amounts at times to a kind of decoration, but always it serves image effectively, setting the increasingly simple and monumental figures into Vaughan's characteristically flat and shallow space.

That brooding figurative presence, invariably male and set in its romantic, theatrical space or landscape, remains insistent throughout the oeuvre, but the nature of that presence does change. Through the middle and later years, as the work moves in spirit consciously ever closer to cubism, those figures begin to break up into their constituent planar elements, and as they do, they become all but absorbed into the landscape, more immanent than revealed. And the landscape itself becomes ever more broken down and and apparently abstracted, until it seems only the active spirit or sensation of a landscape is evoked. The truth is that abstracted as may be, Vaughan's work was never abstract in the sense we have come to use the term and the reference to the visible and experienced, sensational world is always clear, should we care to look for it.

★

The same is true of two other painters now showing in London. Adrian Heath has two shows current: earlier work at Austin/Desmond (Pied Bull Yard, 15a Bloomsbury Square WC1: until November 30) and recent paintings at the Redfern Gallery (20 Cork Street W1: until December 21). He is apparently an abstract painter of a particularly painterly sort, disposing flat, loosely geometrical elements elegantly across a richly painted surface. But his essential interest has always been in the human figure, in particular the female figure, which he scrutinises in some anatomical detail and from which he quite literally abstracts his imagery. The reference is unabashedly sexual, the sense at once gleeful and refined, ironically detached yet openly celebratory.

★

Gillian Ayres shows her latest work at Fischer Fine Art (30 King Street St James's SW1: until December 14), her canvases, vast and small alike, as richly loaded with pigment as ever. And, as ever, her physical directness and attack in her handling of her material belie a consummate technical command. Paint handled so roughly easily gets out of control, yet no mark here is where or what the artist does not wish it to be, no effect uncontrived. Her reference was never as specific as Heath's, let alone Vaughan's, but rather a generalised evocation of the experience of landscape. Now it might be that she has moved indoors, for the space is flatter and more contained, the surface more open, the imagery less densely compacted.

Finally, mention of the first gallery show of a young artist, whose personal circumstances might all too easily obscure her quality. Sarah Armstrong-Jones shares Cadogan Contemporary with Frances Mann (108 Draycott Avenue SW3: until December 1), and it is enough to say that no special pleas or indulgence need be entered on her behalf. She shows landscapes, interiors and still-life, which she develops in an active yet delicate expressionist manner, often close to abstraction. The scale as yet is modest, which is no bad thing, the handling confident and inquisitive. Any number of graduate art-students profess themselves artists, but here is one developing into a serious painter.

'The Lighthouse': a gouache by Keith Vaughan currently being shown at Agnew's

Mikhail Baryshnikov and Mark Morris

BROOKLYN ACADEMY OF MUSIC, NEW YORK

As Baryshnikov grows older, he grows only more true to himself. Beauty, wit, drama, force, commitment, mystery: his dancing still exemplifies all these. He no longer commands the skyhigh or lightning-speed pyrotechnics of his youthful glory, but he doesn't try to recapture them. He has simply continued to do what he can do, and as only he can do it.

At present, a year after leaving his post as director of American Ballet Theatre, he is confining his dancing to Mark Morris's choreography. He danced *Wonderland* again this October in the Monnaie Dance Group's season in New York, for which Morris also made – for himself, Baryshnikov and Penny Hutchinson – a new trio, *Pas de poisson*. David Vaughan will report here soon from Boston on the new White Oaks company, which features Baryshnikov and such other distinguished dancers as Kate Johnson and David Parsons (formerly of the Paul Taylor company), and which is dancing *Pas de poisson* and other Morris choreography.

Pas de poisson turns out to be *pas grande chose*. Astutely set to Satie's piano music for *Relâche*, it's smart, odd, surprising, entertaining. Lights go up on Baryshnikov – looking over his shoulder. The trio that follows is absolutely in Satie's spirit – a vaudevillian, absurdist, quick assortment of different moods, gestures, ideas. The three dancers are pursuing each other, escaping from each other, passing objects to each other (and throwing them off into the wings). Penny Hutchinson finds herself caught in mid-jump. So, once, does Baryshnikov. Every incident, even a depressed slump from Baryshnikov, is lively. Finally, Morris and Hutchinson retreat into the wings. Baryshnikov is left, just as he started, looking over his shoulder – after them.

Pas de poisson is just a light opening addendum. The three works that follow form a rich triple bill by themselves, and in Brussels last November, as Clement Crisp reported then, were shown as such: Morris's setting of the two Brahms *liebeslieder* sandwiching the 1989 Schoenberg *Wonderland*. What a poignant view of the last decade emerges in comparing the 1982 *New Love Song Waltzes* to the 1989 *Love Song Waltzes*. *NLSW*, always among the most loveable of dances, is a rich tumbling early-Eighties paean to free love. *LSW*, so much more deliberate in plotting and timing, is darker – a late-1980s work. Its stories of love and loss, which speak of the era of AIDS and which have bloomed in performance in the last year, all occur within a larger group context. The community supports individuals.

Between these two different sets of love song dances, there occurs *Wonderland*. Romanticism on the rocks, torn apart, *in extremis*. Gestures of guilt, complicity, drug-taking, interrogation, threat. Different views of one story. A series of mysterious deaths. Old relationships breaking up... Under its 1940s surface, *Wonderland* is, I believe, a metaphor for the effect of some things that irretrievably changed 1980s society, things that have put paid forever to the world of the 1960s. Rob Besserer, Ruth Davidson, Olivia Maridjan-Koop, Keith Sabado and (especially) Baryshnikov are even more cuttingly precise than last year.

The great *L'Allegro, il Penseroso ed il Moderato*, which Morris created to open his Brussels regime two years ago, has been a success everywhere. It triumphed in New York, bringing the BAM audience to its feet. No wonder. Such a happy abundance of imagery, so fertile a celebration of life, so subtle an exploration of the elements of human temperament, *L'Allegro* is an overwhelming and life-enhancing work.

! Europe has one last chance to see this action-and-contemplation, night-and-day, nature-and-civilisation masterpiece. The Monnaie Dance Group presents it in Paris's Théâtre des Champs-Elysées next May.

Alastair Macaulay

Scene from 'L'Allegro, il Penseroso ed Il Moderato'

Handel in the US

There has been a fair amount of Handel here lately. At the Brooklyn Academy, *L'Allegro, Il Penseroso*, and a beautiful duet from *Il Moderato* were done as accompaniment to Mark Morris's ballet; Nicholas McGegan conducted the Brooklyn Philharmonic. The musical performance was but moderate. The choreography, admired by many, seemed to me to add little to the score.

At the tenth Maryland Handel Festival, on the College Park campus of the University of Maryland, a chronological progress through the oratorios reached *Joseph and His Brethren*, a "problem" work. It was successful in its day, but then was neglected for nearly two centuries. Winton Dean calls it, like *Deborah*, a failure. But the Maryland festival revived *Deborah* with success seven years ago, and its *Joseph* was also successful.

True, it is not one of Handel's great [illegible] architecture [illegible] the [illegible] content are odd. Duncan Chisholm showed recently that Parts II and III are close-based on an Apostolo Zeno *Giuseppe* libretto, written for Caldara, that deals specifically with the brethren's second visit to Egypt. Handel's librettist, James Miller, tacked on Part I, set eight years earlier and starting with Joseph in prison. No mention of Potiphar's wife, whose Phaedra-like accusation landed him there; no mention later of the brethren's first mission. Part I ends with the celebration of Joseph's wedding to Asenath.

Yet it's not the jumps and bumps that are awkward so much as the huge role given to the prima donna. Asenath has six or seven arias, most of them long and florid, against Joseph's four, and she is irrelevant to the essentially all-male drama of the ten brothers. Moreover – presumably to avoid a monotonously low tessitura – Joseph, who was 38 at the time of Parts II and III, was composed for a countertenor; and Benjamin, by now the father of ten sons, was allotted to "the Boy." The tenor John Beard, Handel's frequent oratorio hero, was in the company, but only as the elder brother Simeon.

There are moments of high drama: Simeon's outburst after imprisonment as a hostage; an interview between him and Joseph; Joseph's midpoint memories of innocent shepherd days; Benjamin's lovely arioso; and, above all, Joseph's revelation of his identity, in unaccompanied recitative phrases. For the rest, there is a feast of fine music.

Graham Pushee was a virtuoso Joseph, firm and fleet. Rebecca Littig, Asenath, was fleet, and bright of tone, but she made too little sense of the words. Robert Petillo, Simeon, declaimed incisively. Allis Druffel, a Maryland student, sang "the Boy" in full, limpid, steady tones. The famous University of Maryland Chorus was splendid. Tafelmusik, a Toronto Baroque ensemble, provided rather wheezy accompaniment. Paul Traver's conducting was energetic and sure.

There was also a three-day confer[illegible] German, British, [illegible]ars, a *Messiah*, [illegible] by the university's opera studio, of *Agrippina*, conducted by McGegan. The last was a gag-filled show of the kind that gives modern-dress opera a bad name (painting of toenails, sipping of martinis, such larks), but it revealed an exceptional new performer: Leneida Crawford, the Ottone. Her voice flowed warmly, steadily, and beautifully through all the alto and mezzo range and at all dynamics; she made much of the words. Although a bulky young woman, she was a convincing and moving stage presence. We must hear more of her.

In New York, we had a concert performance of *Siroe*, probably the American première. In the Faustina role, Julianne Baird was fresh, bright, and charming. In the Cuzzoni role, Erie Mills, best known as a rather brittle, spiky Cunegonde, had found a new gentleness and sweetness without losing vivacity. D'Anna Fortunato sang the Senesino role with a directness and candour that brought Janet Baker to mind. The opera was over-conducted, by Rudolph Palmer; even the recitative chords were baton-cued.

Andrew Porter

ARTS GUIDE

November 23-29

OPERA AND BALLET

London

Royal Opera, Covent Garden. A new production by Adolf Dresen of *Fidelio* conducted by Christoph von Dohnanyi has Gabriela Benackova, Jan Blinkhof, Monte Pederson and Robert Lloyd in leading roles. Further performances of the *Barbiere di Siviglia* revival, conducted by Gabriele Ferro, with the second of two casts: Edita Gruberova, Justin Lavender, Vladimir Chernov, Eric Garrett and Alexander Morozov.
English National Opera, Coliseum. *Cosi fan tutte*, in John Cox's stylish 1980 production, returns with a new cast, led by Rita Cullis and Glenn Winslade, and Peter Robinson as conductor. Further performances of the new double bill – Delius's *Fennimore and Gerda*, Puccini's *Gianni Schicchi* – conducted by Charles Mackerras, produced by Julia Hollander, with casts including Sally Burgess, Peter Coleman-Wright, Benjamin Luxon, and David Maxwell-Anderson.
Les Arts Florissants present Luigi Rossi's second and last opera, *Orfeo*, directed by William Christie. Queen Elizabeth Hall, South Bank Centre (928 8800).

Paris

Bastille Opera. The season opens with Verdi's *Otello* conducted by Myung-Whun Chung with Placido Domingo in the title role for the first five performances and with Renato Bruson as Iago and Kallen Esperian as Desdemona (40011616).
Opéra Palais Garnier. *L'histoire de Manon* to Massenet's music rearranged by Leighton Lucas in Kenneth Macmillan's choreography with Nicholas Georgiadi's decors and costumes, conducted by Barry Wordsworth. Théâtre des Champs Elysées (47425750).
Chatelet. Broadway musical *42nd Street* to Harry Warren's music in a production supervised by Mark Bramble (40282840).

Brussels

Palais des Beaux-Arts. The Ballet Fiesta Flamenca de Andalucia perform *Raices de Andalucia*, choreography by Leo Molina.

Antwerp

Koninklijke Vlaamse Opera. The Royal Flanders Opera in Verdi's *Macbeth*. Rudolf Werthen conductor, staging by Gilbert Deflo with Josephine Barstow, Pablo Elvira, Gabor Andrasy, Huw Rhys-Evans.
Polish State Opera in Mozart's *The Magic Flute*. Koningin Elisabethzaal.

Berlin

Das Rheingold and *Die Walküre* are part of the successful Götz Friedrich Ring cycle with a strong cast led by Hanna Schwarz, Lucy Peacock, Ruth Hesse, Robert Hale, Karan Armstrong, and Poul Elming making his Berlin debut as Siegmund. Both expertly conducted by Heinrich Hollreiser. A George Balanchine ballet evening with four pieces. *Mathis der Maler* is well sung by Jorma Hynninen. *Der Barbier von Sevilla* and *Zar und Zimmermann* are also offered.

Hamburg

Hänsel und Gretel returns with Elisabeth Steiner and Gabriele Rossmanith in the title roles. *Die Hochzeit des Figaro* has fine interpretations by Charlotte Margiono, Heilen Kwon, Ning Liang, Lucio Gallo and Alan Titus. *Parsifal*, conducted by Horst Stein, features Thomas Moser in the title role, Kurt Moll, Ana Pusar, Dunja Vejzovic and Anthony Raffell.

Cologne

Götterdämmerung, part of the new ring cycle in a co-production with the Düsseldorf opera, produced by Kurt Horres and conducted by Hans Wallat with Wagner specialists William Johns (Siegfried), Shirley Close, Gabriela Maria Ronge, Deborah Polaski, Matti Salminen and Hartmut Welker. La Finta Giardiniera is a well done repertoire performance and there is also *La Bohème*.

Frankfurt

Ariadne auf Naxos has Helena Doese, brilliant in the title role. *Der Fliegende Holländer* returns with a strong cast led by Knud Skram, Lisbeth Balslev, Seppo Ruohonen and Uwe Peper. *Un Ballo in Maschera* brings Bruno Beccaria, Maria Guleghina and Vera Baniewicz together.

Bonn

Schwanensee has wonderful Youris Vamos choreography. The successful Graham Vick *Rigoletto* is well sung by Ingvar Wixell, Vincenzo la Scola, Leontina Vaduva and Luigi Roni.

Munich

Die Aegyptische Helena stars Gwyneth Jones and Spas Wenkoff. *Nabucco* is sung by Julia Varady, Daphne Evangelatos, Wolfgang Brendel and Paata Burchuladze. *Un ballo in maschera* has Sharon Sweet, Marjana Lipovsek, Julie Kaufmann, Giacomo Aragall and Piero Cappuccilli, excellent as leads. Further performances of *Dantons Tod* with John Broecheler, Alejandro Ramirez and Kenneth Riegel and *La Sylphide*, choreographed by George Balanchine.

New York

Metropolitan Opera. James Conlon conducts *Salome* with Hildegard Behrens, Helga Dernesch and Peter Kazaras in Nikolaus Lehnhoff's production. James Levine conducts Arvin Brown's production of *Porgy and Bess* with Priscilla Baskerville, Marvis Martin and Terry Cook. James Levine also conducts Piero Faggioni's production of *Un Ballo in Maschera* with Aprile Millo. and Juan Pons (362 6000).
New York City Ballet. The week's programmes include *Mozartiana*, *The Steadfast Tin Soldier* and *Scotch Symphony*. New York State Theatre, Lincoln Center (496 0600).

Chicago

Lyric Opera. Leo Nucci has the title role of *Rigoletto* in Sandro Sequi's production conducted by John Fiore. Donato Renzetti conducts Andrei Serban's new production of *Lucia di Lammermoor* with June Anderson as Lucia and Alfredo Kraus as Sir Edgar. Civic Opera House (332 2244).

SALEROOM

Delon tempts the Japanese

The fame of a seller badly strapped for cash proved something of a spur at Guy Loudmer's sale in Paris on Sunday of 90 modern paintings, 32 of them belonging to actor Alain Delon. The auction was broadcast by satellite to five Japanese cities with the auctioneer's son Pierre centralising bids in Tokyo.

The previous evening Jean-Louis Picard of Ader Picard Tajan experienced disappointing results with a sale of 107 fine modern paintings and prints, selling for Fr29m (£2.8m) but buying in for Fr49m (£4.8m). An 1882 Van Gogh water colour of the beach at Scheveningen sold close to its high estimate of Fr2.3m (£226,320) but two landscapes and a "Baigneuse" of 1912 by Renoir failed to find buyers.

The Loudmer sale was a skilful assortment of eye-catching Delon works sandwiched between names like Utrillo, Vlaminck, Laurencin and Foujita aimed at the Japanese market. Delon needs the proceeds to pay for Modigliani's "La Belle Epiciere", which he co-purchased with French building tycoon Francis Bouygues last March for a record breaking Fr63m (£6.2m). So reserve prices were set low to raise a total of just under Fr36m (£3.5m) with nearly Fr11m (£1m) bought in. The whole sale netted Fr89m (£8.8m) with 42 lots totalling Fr73m (£7.2m) bought in. Only 17 paintings were finally bought in Japan.

Among the Delon paintings an outstanding Courbet landscape of 1875 went to a Tokyo bidder for a healthy Fr4.9m (£482,000) and a Modigliani "Portrait de Jeune Femme" was also bought in Japan for Fr6m (£590,400), its high estimate. But a Bonnard nude of 1906 went for a mere Fr4.5m (£442,000), ten per cent under its low estimate. A 1925 L'oiseau painting "Rue de Clignancourt", which established a world record when Delon bought it for Fr1.5m (£140,000) in November 1988, was purchased for a meagre Fr800,000 (£78,700) by a bidder in Nagoya.

Nicholas Powell

Coetzee wins award

Frank Muir announced in London yesterday that the winner of the Sunday Express Book of the Year Award (£20,000) was *Age of Iron*, by J.M. Coetzee, published by Secker, £12.99. Mr Coetzee, who lives in South Africa, was not present to accept the award which was accepted for him by the actress, Janet Suzman. "The only reason I am here," she said, "is that I am the only person who can pronounce his name."

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FINANCIAL TIMES

NUMBER ONE SOUTHWARK BRIDGE, LONDON SE1 9HL
Telephone: 071-873 3000 Telex: 922186 Fax: 071-407 5700

Tuesday November 27 1990

The choice before them

CONSERVATIVE members of parliament must wish that they could find a composite candidate, one who combines the élan of Mr Heseltine with the experience of Mr Hurd and the commonsense of Mr Major. Each of them could lead the party and the country well; each of them has drawbacks.

In practice, Tory MPs are likely to choose the man who seems most likely to win the next election. Mr Heseltine may well look like the best candidate on this score. Not only does he have a high profile, but he is untainted by *high interest rates and the poll* tax, both of which have made the government so unpopular.

Mr Heseltine looks attractive because he is least touched by the old regime. But it would be strange for a party that has followed a leader devotedly for more than 11 years to choose her successor simply because he allows it to discard her most completely. It is the course most likely to prolong internal conflict.

All three candidates vie for Mrs Thatcher's mantle, even as they excise the threadbare pieces from the garment. Yet none is exactly a plausible heir. Mr Heseltine has something of the personality, but does not share her instincts; Mr Major lacks the personality but seems to share Mrs Thatcher's approach to economic policy. Mr Hurd, partly because his experience has been outside the economic field, is not personally associated with the thrust of Thatcherism.

Constitutional reform

In an editorial entitled "Building on Thatcherism" (November 21 1989) the FT argued that "the next government must aim to lower inflation to levels seen in the most successful European countries; it should view European integration more positively, while preserving the present government's insistence on an outward-looking, liberal Europe; it should preserve, perhaps extend, the reforms in the labour market and eschew piecemeal tinkering in industry, while providing generous support for market-oriented training and research; it should embrace the need for substantially higher public spending, notably on education, public infrastructure and health, but resist calls to throw money in any and all directions." To this was to be added a commitment to constitutional reforms that would guarantee liberties and decentralise government.

By these criteria, all three candidates are lacking. Mr Heseltine has attractive ideas for an independent Bank of England, but this is offset by his predisposition towards intervention. Mr Major is committed to lower inflation and opposed to intervention, but *his thoughts in other areas* seem largely unformed, or at least unknown. The same sense of small "C" conservatism emanates from Mr Hurd.

Important elements

So, willy nilly, one is thrown back on the personalities. Who might make the better prime minister? Mr Heseltine is an extremely able and dynamic man, who has run an effective and well thought out campaign. But there are doubts about his ability to bring the necessary consistency and rigorous judgment to policy-making.

Mr Hurd is a man of wide experience and sound judgment; there are some attractions in a combination of Mr Hurd as prime minister and Mr Major as chancellor. Yet Mr Hurd is not well qualified to give a lead to the country and the party in the forthcoming discussion of economic and monetary union, or on fundamental questions of economic policy. He would also be too obviously a transitional figure.

Of the three candidates Mr Major seems most likely to extend the achievements of the Thatcher era. He is no radical reformer, but can be expected to apply a practical approach to difficult issues like education and health which do not lend themselves to neat, ideological solutions. He is no intellectual, but his instincts are sound, he listens to advice and he has the capacity to widen the appeal of the Conservative party. There are risks in appointing as prime minister someone whose record of achievement in high ministerial office is relatively limited, but the party should be bold and make Mr Major its leader.

The way ahead for Poland

POLAND has defied the pundits. It was expected that Mr Lech Walesa, the leader of the Solidarity trade union movement, would gain the most votes in the first round of the presidential elections. But it was not expected that Mr Stanislaw Tyminski, the self-made émigré Polish-born businessman, would push Mr Tadeusz Mazowiecki, the prime minister, into third place and out of the race altogether.

Intellectuals are stunned by the result. Workers are delighted. But, assuming that Mr Walesa will become president in the second round, which takes place on December 9, what do these results mean for Poland, and for the economic reforms?

It is not enough to say that the Polish electorate has shown its lack of sophistication. It is a country of many contradictions and deep divisions. It is easy to forget that this election was the first genuinely free vote in Poland since before the second world war. Not until next year will it choose a freely-elected parliament, making it the last of the eastern European countries to do so.

Yet in 1980, Poland, armed with a unique coalition of workers and intellectuals, was the first in the region to challenge the ruling communists – and at a time when nobody had heard of Mr Mikhail Gorbachev. In 1989, it was also the first country to embark on radical economic reforms which won international praise. And judging from the stoicism with which they accepted these unpalatable reforms, that seemed to imply support for Mr Mazowiecki.

Worrying trend

But reforms *per se* do not breed pragmatic politicians. On the contrary, Sunday's election means that the special relationship between workers and intellectuals is all but buried. It also suggests that the Poles have opted for heroes and populists which Messrs Walesa and Tyminski represent. It is a worrying trend.

A populist president could influence the composition of the next parliament. That parliament could opt for a less *painful road to the market* economy than that advocated by Mr Leszek Balcerowicz, the finance minister. As important would be the attitude of a President Walesa.

Populist view

He based his election campaign not on slowing down the pace of the economic reforms, but on criticising Mr Mazowiecki's tardiness in dismantling the communist apparatus. By nature, Mr Mazowiecki is a cautious, uncharismatic man who was intent on tackling first the economy and then later the political institutions. Mr Walesa and his supporters capitalised on this. They saw how former communists and western entrepreneurs reaped the benefits of the fledgling market economy as ordinary Poles became poorer and poorer. Mr Walesa also perceived Poland's intellectuals as pontificators, divorced from the reality of a Poland saddled with decrepit villages, polluted towns, run-down cities, corruption and a large debt which together amount to the miserable legacy of communism. Poles, in Mr Walesa's populist view of the world, must control their own destiny. In a different way, Mr Tyminski, offering riches tomorrow, was peddling a similar line.

The intellectuals and technocrats think otherwise. If Poland is to be a member of the new Europe, it must open its doors to the market economy, to ideas, and to tolerance. Populists by nature lean towards intolerance and authoritarianism, trends which are again re-emerging throughout all the countries of eastern Europe. These trends could dissuade foreign investors from taking the plunge into Poland.

In such circumstances, Mr Walesa will need to reassure Polish intellectuals and the international community that the reforms will continue. He can best do this by choosing Mr Balcerowicz as his new prime minister. Populists may find this hard to swallow. But if Poles in the long term are to reap the benefits of the market economy, the country's new president must create a wide and tolerant space for new ideas. Without it, Poland will drift away from the Europe for which Mr Mazowiecki and his *supporters have been fighting* so hard.

Stephen Fidler, Deborah Hargreaves and **Simon London** assess the implications of a retreat from corporate lending by banks

Crunch or crimp – it still hurts

A retreat by banks around the world from private sector lending is adding to the uncertainty faced by the world's economic policymakers. For if the retreat intensifies, it could tip the economic downturn in the US, UK and elsewhere into a deep recession.

Iraq's invasion of Kuwait has intensified a pull-back from corporate lending by banks into a more worrying withdrawal: so worrying, in fact, that it has agitated even that most conservative of institutions, the Bank for International Settlements.

The BIS, the central banks' bank, believes the Gulf crisis spells significant risks for the world's economic and financial system. The danger is that higher oil prices will weaken the world economy and could combine disastrously with the present credit crunch. At its most extreme, a credit crunch is where banks trigger corporate collapses because of their nervousness about lending to all but the most creditworthy customers.

Banks are squeezing credit hardest in the main Anglo-Saxon economies: the US, Canada, Australia and Britain. But there is evidence of a squeeze even in Japan and continental Europe.

At the heart of the problem is the vulnerability of some of the world's largest banks at a time when an international agreement to reinforce their capital is being enforced.

Many banks are now paying a heavy price for following up their unwise loans to developing countries in the 1970s with incautious lending to the industrialised world in the 1980s. Their lending in the past 10 years looks risky because much of it was to highly-indebted companies or it was used to buy assets which became overvalued.

The invasion of Kuwait had the most dramatic impact on the banks that have dominated international business in the 1980s – the Japanese. According to the BIS, the assets of Japanese banks abroad quadrupled between 1983 and 1988 to $1,750bn, an expansion which accounted for more than half the increase in international banking activity over the period. Until early this year, Japanese banks held almost 40 per cent of all international bank assets, double the level of seven years ago.

The invasion compounded the problems of an already shaky Tokyo stock market. Controversially, the Japanese banks are allowed to count 45 per cent of the gains on their extensive equity holdings as part of their capital base. So when the Tokyo stock market crashed, at one point by more than 45 per cent from its peak last December, it had a serious effect on the banks.

The banks – in particular the big city banks (the main commercial banks) – are in danger of missing new international capital adequacy standards and are unable to raise new capital because of the weak equity market. They have set out to shrink their balance sheets by reducing outstanding loans. The collapse in Japanese city banks' capital ratios (the ratio of capital to assets, which is the measure of the banks' resilience to financial adversity) thus represents, according to Salomon Brothers, the US securities firm, "a major turning point in global financing trends".

In the US, banks have retreated from lending to whole sectors of the economy, prompting a call from the Mr Nicholas Brady, US treasury secretary, for banks not to choke off the supply of credit to businesses.

"We could be entering the most restrictive lending environment for 30 years," says Mr David Hale, economist at Kemper Financial Services in Chicago. "It's not a credit crunch but a crimp, since it's not across the board, but real estate and financial services have been savagely hit."

Salomon Brothers estimates that the nine US banks most short of capital will either have to raise $7bn in new equity capital by 1992 or shrink their balance sheets by $170bn, a sum equal to 20 per cent of their assets.

If this happens, the banking system will be unable to sustain the strong growth in lending that accompanies most economic recoveries. This could mean a net contraction in bank lending during 1991 and 1992. "As a result of the global nature of the current banking squeeze, the odds are high that small and medium-sized US firms as well as property developers will find it more difficult to obtain capital during the 1990s than at any time since the 1960s," says Mr Hale.

Internationally, banks have already forced up lending margins – the difference between the interest rate at which they borrow and the rate at which they lend – to corporate customers. Decisions by banks to withdraw from lending to troubled companies have also precipitated corporate failures, most noticeably in Britain.

One source of worry for companies is that the loosening of their relationships with banks over the past 10 years means banks are less committed to their clients' long-term well-being. The proliferation of bank lenders to many companies is also a potential source of instability. Many companies say they are re-emphasising relationships with a manageable group of lenders.

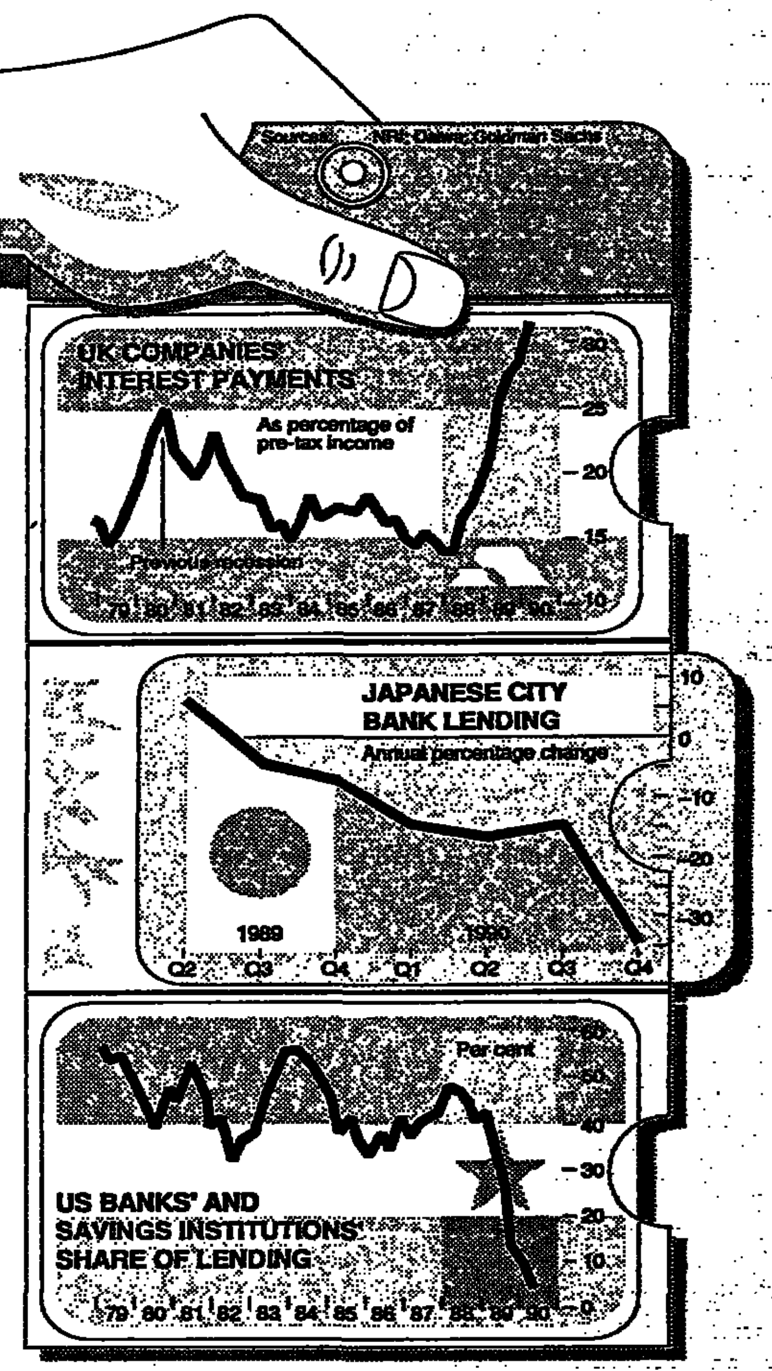
Unease is spreading among company treasurers, even those with high credit ratings. "This feeling has not reached panic proportions yet," explains Mr Tony Rice, assistant treasurer at British Aerospace, "but everyone is looking at the market with a view to grabbing funds while they are still available."

British Aerospace was a beneficiary of the credit surge of the late 1980s. Just over a year ago it secured a standby financing which gave it a cheap source of funds for five years: BAe pays an interest rate of just 0.1 per cent over money market rates. "Bank pricing was ridiculously low then," Mr Rice says, "but we didn't foresee the speed and intensity of the increase in funding costs."

The sudden rise in the cost of finance has left a lot of companies trying to lock in funds now before the market rises any farther. Mr Rice says BAe is seeking to pre-fund future requirements, even if it means paying for carrying funds that are not needed immediately.

Ms Lucy Heller, treasurer at Booker, the agribusiness and health products company, says the banks' nervousness about corporate lending was evident when the company was putting together a £150m facility for the acquisition of Fitch Lovell, the food distributor, in August. While Booker has small borrowing needs and tries to maintain close relationships with a group of banks, it noticed that several banks were not able to deliver the amounts promised for its loan.

Large companies report that banks now have much more stringent checks in place before lending funds. For even the most creditworthy companies, the process of borrowing takes longer. Banks' internal credit committees are scrutinising more closely all applications for funds; and many companies with weaker names never get beyond this stage. "In the last few months, we've seen a tremendous differentiation by banks on corporate debt," comments Mr Peter Smyth, head of corporate finance at BP Finance, "but we, as an oil company, have benefited."



The difficulties in obtaining credit have filtered through to UK local authorities. "There is a definite two-tier market, so that the authorities that are perceived as 'good' have more access to funds at a cheaper rate," says Mr David Lester, treasurer at Sutton District Council.

In the US, a Federal Reserve survey in August showed that more than half of a group of 60 domestic banks were increasing lending margins or seeking tougher covenants in loan agreements. The tightening was especially notable among companies with annual sales of less than $250m. Middle-market companies, lacking access to the securities markets, are almost entirely dependent on conventional bank credit for their working capital.

Mr Gordon Johnson, assistant treasurer at Stride Rite, a shoe maker based in Cambridge, Massachusetts, says the bankers he talks to are seeking fatter fees and higher interest rates from their corporate customers, although his company is not paying more at the moment. Stride Rite is also following very closely the fortunes of its two main bank lenders – in case their financial troubles cause them to withdraw credit lines. Top-rated foreign banks based in New York report that, for the first time, US companies are seeking them out as lenders, because they are worried about the health of US banks.

The chief financial officer of Tyco Toys, Mr Harry Pearce, says his company is actually paying less for its bank credit than it was a year ago. But he agrees this is atypical and a result of the strong performance of the company, which is based in Mount Laurel, New Jersey.

In Britain, the Bank of England says the level of debt in the corporate sector in relation to company earnings is at its highest level for more than a decade – resulting in greater financial fragility. It has issued guidelines to provide a framework for banks to agree an increasing number of corporate support operations.

The Nomura Research Institute, subsidiary of the Japanese securities house, uses Bank of England figures to show that a withdrawal from lending by Japanese banks would hit some UK sectors harder than others. For example, Japanese banks account for more than 27 per cent of total lending to wholesalers. By contrast, the same banks account for only 7.1 per cent of outstanding loans to manufacturers. As a whole, NRI points out, the liquid assets of UK companies are higher than in the last recession. But those with liquid assets are a different group from those which have built up debts.

As the Fed found in the US, smaller companies are suffering most in Britain. The niche retailer, Pied à Terre, has the backing of a venture capital fund and is to some extent protected from the worst excesses of the squeeze. However, the company has taken a conscious decision to maintain a relationship with just one lending institution, Hambros.

"We have turned down other sources of funding over the past two years because we felt, on balance, that the relationship was more valuable than a few basis points off the total cost of funds," commented Mr Ian Cheshire, director of corporate finance and development.

Mr Charles Verrall, acting finance director of the property and construction group Tern, previously occupied senior finance posts at Midland Bank, Westland and Guinness. "Tern has maintained a relationship with Lloyds in Cardiff since the firm was founded," he said. "But banks assess their exposure on an industry-by-industry basis and there is a red mark against property-related business – there is nothing we can do."

For now, it appears that the impact of the credit crunch on most companies in the UK has been to force up the cost of funds, rather than to reduce their availability. The effect is most severe on companies with lower credit ratings, on smaller companies and on certain sectors of the economy, such as property. The experience in the US is similar.

The crunch has also meant that the balance of power has shifted from borrowers, with which it has resided for a decade, towards lenders. It has also increased the returns – which had long been slim – to banks on their lending.

While it will undoubtedly increase corporate failures, often causing hardship in some areas, the outcome could be fairly benign. Mr Manuel Johnson, former Federal Reserve Board chairman, suggests that the scare results largely from a crisis of confidence. "I've seen banks' balance sheets in a worse state than they are now, without the kind of reaction we're seeing now," he said in London this month.

The big risk to this view stems from the Gulf crisis. A war, especially one that did not end quickly, would result in a tightening of the financial noose around the neck of many companies. Without quick action by central banks to lower interest rates and ease the pressure, this would almost inevitably bring about the severe recession dreaded by economic policymakers.

OBSERVER

Behind the MCA scenes

■ Rarely has a Hollywood deal seen the involvement of as many Washington heavyweights as yesterday's $6.1bn (£3.1bn) takeover of MCA by Matsushita of Japan.

Weeks before the contract was signed, high-powered Matsushita lobbyists such as Robert Strauss, the former chairman of the Democratic National Committee, began trying to soften up key members of Congress for the sale of another piece of the American soul – in this case, the people who brought you Jaws.

Mr Strauss, a fixer's fixer, is both a member of the board of MCA and a lobbyist for the Japanese, which is why he abstained from MCA's board vote approving the transaction late on Sunday night. He was in New York over the weekend, acting as an intermediary in the final phase of the talks.

Besides Mr Strauss, the lobbying team in Washington includes Jody Powell, who served as President Carter's press secretary, and Howard Baker, the former Senate Republican leader and chief-of-staff in the Reagan White House, who also sits on the MCA board.

Meanwhile, the man who brought Matsushita and MCA together is Michael Ovitz, the talent agent who is known as the most powerful man in Hollywood and who was also a broker in last year's takeover of Columbia Pictures by Sony of Japan.

Mr Ovitz's agency, Creative Artists Agency, was first hired by Matsushita a year ago. It now stands to earn more than $40m in fees on the MCA takeover.

Another well-known figure whose firm will collect some hefty fees is Felix Rohatyn, the Lazard Freres partner who was advising MCA during the negotiations.

One insider says the convergence of such firepower "was a sight to behold" as Messrs Strauss, Ovitz and Rohatyn – backed by lawyers – argued, placated and cajoled the parties into what is now the largest single investment in the US by a Japanese company.

Cold comfort

■ First, the bad news: an independent long-range weather forecasting company called Weatherplan Services is predicting a late, cold winter for Britain this year.

Now the good news: if you were thinking of buying shares in the electricity privatisation, the same company believes the chilly snap will give the regional electricity companies' profits a hefty 10 per cent boost because people will burn more electricity to keep warm.

Weatherplan Services was set up last year by astrophysicist Piers Corbyn and economist Ade Ogun, both senior lecturers at London's South Bank Polytechnic. They say they use a "revolutionary solar cycle method of forecasting" to produce "stunningly accurate forecasts" of the weather seven months in advance.

Warning: the value of weather forecasts can go down as well as up.

Pole position

■ Life was a little more hectic than usual yesterday at Transduction, a Canadian computer systems company which occupies a modest single-storey building in an industrial park close to Toronto airport.

Transduction's major shareholder is Stanislaw Tyminski, the Polish-Canadian businessman who surprised everyone on Sunday with his remarkable showing in Poland's presidential election.

Until a few weeks ago, Tyminski was virtually unknown both in Poland and among Toronto's 60,000-strong Polish community. Before entering the presidential race, his political experience had been limited to a spell as leader of Canada's tiny Libertarian Party.

"I left my endorsement of Douglas Hurd in my other grey suit."

He also provided some financial support to the National Citizens' Coalition, a right-wing lobby group whose causes have included a court challenge against the use of trade union dues for donations to political parties.

Tyminski, 42, has built up a somewhat unusual business empire which includes not only Transduction, but also a cable television station, a fruit-and-vegetable farm and a restaurant in the Peruvian jungle city of Iquitos.

Transduction is credited with perfecting the optic isolator, an esoteric device used by power utilities to eliminate some of the hazards associated with high-voltage power transmissions between transformers and computers.

As Tyminski's business partner Frank Ollie dashed off to yet another television interview in Toronto yesterday, he insisted that the publicity generated by the Polish election "won't have any effect on our business one way or another. We're pretty low-key."

Just the ticket

■ One side-effect of Mrs Thatcher's loss of office may be to bring forward the day when Britain gets a national lottery.

According to Denis Vaughan, orchestral conductor and long-time campaigner on the issue, Britain and Albania are the only countries in Europe without nationwide lotteries: and he suspects the main reason for the UK government's hostility to the idea up till now has been Mrs Thatcher's personal opposition.

"Her Methodist upbringing led her to believe that lotteries stimulated gambling," says Vaughan. "I tried to claim her sympathy by telling her that I played the organ in a Methodist church from the age of 12 to 20, but I still couldn't change her mind."

Vaughan is the driving force behind the London-based Lottery Promotion Company, a campaigning body which wants UK law to be changed so that lotteries can be used to raise funds for the arts, sport, and environmental causes.

He says per capita returns from other European countries suggest Britain could expect to collect £3bn a year through sales of lottery tickets, yielding £1.1bn net to be split between beneficiaries.

Perhaps the biggest drawback to his campaign is the danger that a future prime minister could latch on to the idea as an attractive alternative to the poll tax.

Read my lips

■ Has anybody else noticed that none of the candidates for the Conservative Party leadership appears to have any lips?

هكذا من الاصل

FOREIGN AFFAIRS

By fair means or foul play

Jurek Martin argues that Mrs Thatcher's fate finds parallels in other leading democracies

Of course Mrs Thatcher was different. A more intriguing question, with less obvious answers, is whether, in disposing of her, the British Conservative party is different and, if it is not, whether its methods are above or below board by international standards.

At first sight the record of other leading democracies suggests it is in good company. During her 11 years as prime minister, the United States had three presidents, West Germany two chancellors, Japan six prime ministers, Canada three, Italy 12 (though only eight different heads) and France two presidents as well as eight prime ministers (though only five actual office-holders).

Only in the US, Canada and, in its presidency, France, was change, or no change, brought about directly by the vote of the people, though there is a wrinkle to the Canadian record. But Italy did not have 12 general elections, nor France eight and Japan six, in the Thatcher years.

Resignation from scandal and death took a small toll, most often in Japan, but it is statistically, as well as empirically, undeniable that other ruling parties do go about removing their leaders, or trying to. Conspiracy is the universal essence of politics; the difference is merely one of technique. It does not even necessarily matter whether the leader under threat is a "world statesman", as Mrs Thatcher's adherents would argue, or a relative political nonentity.

Precise international comparisons are not easy. Systems with constitutionally powerful presidencies – the US and France – are obviously inherently different from those with ceremonial ones – Germany and Italy – and also from mixed and parliamentary democracies, where, unlike the UK, ruling parties often split the job of head of government and party leader.

Probably the closest comparisons to British political practice are with Japan

Still, Mrs Thatcher's fate does find some parallels in the US, though not in the past 11 years and not, it must be stressed, with Richard Nixon, who was undone by more than his own party. The closest comparison is in 1968 when President Lyndon Johnson actually won the New Hampshire Democratic party primary but by such an unconvincing margin over the anti-war candidate, Senator Eugene McCarthy, that shortly thereafter he withdrew from the race. But in 1980 even Jimmy Carter was able to withstand party challenges to his renomination.

Leaders who came unstuck: from left, Ciriaco de Mita, Joe Clark in 1980 and Lyndon Johnson

The cabal of the smoke-filled room is, of course, a preferred way of disposing of leaders. It took the German Christian Democrats four years to summon up the courage but in 1963 enough got together to persuade the ageing Konrad Adenauer to stand down as chancellor in favour of Ludwig Erhard, his sworn enemy.

In 1974, Willy Brandt resigned over the Günter Guillaume scandal, but with the assistance of a few well-placed shoves in the back. In 1982 Helmut Schmidt may have considered himself betrayed less by his own party than by his coalition partner, the Free Democrats, which switched sides, putting Helmut Kohl in office. The general election followed afterwards.

In Italy, it is more the exception that ruling party leaders are simultaneously prime ministers. But last year Ciriaco de Mita was both, before being unseated first as party leader by a congress of his own Christian Democrats and shortly thereafter as prime minister. (At least this was done in congress and not confined to parliamentary representatives. This relative openness is not a characteristic of Italian politics).

In France, of course, the president can pretty much do as he likes with the prime minister, except when the two are from different parties, as in the Mitterrand-Chirac cohabitation, when a certain delicacy is required. But there was much speculation a week ago that President Mitterrand might dispose of Michel Rocard regardless of the outcome of the no-confidence vote. As spiritual head of the Socialist party, it would have been considered within his prerogative.

It might be added, for comparative purposes, that President de Gaulle himself was pushed out, like LBJ and Mrs Thatcher, by a progressive deterioration of public confidence and also after winning a vote, in his case a referendum, less than overwhelmingly. But he went of his own volition. He would not have listened to men in suits anyway.

Probably the closest theoretical comparisons to British political practice are with Japan, which has a constitutional monarchy, a parliamentary democracy and, appropriately, a Diet building filled with British stained glass. Both countries have been run by conservative parties for a long time – leading the Japanese after the 1987 UK election to speak freely of the Japanisation of British politics – and in both party leadership and the prime ministership are entrusted to the same person.

There are differences. British Tories have enjoyed uninterrupted power for less than a third as long as their Japanese counterparts; the Liberal Democratic party in Japan is still probably several light years away from choosing a woman as leader; and, crucially, a Japanese prime minister does not possess much real power.

Still, the LDP's rules, though elastic, do contain provisions for regular leadership elections – normally every two years. Because of the faction-ridden nature of the LDP, these are sometimes taken quite seriously, though never as much as the machinations of the smoke-filled rooms. If a leadership contest has fewer than four contenders, the vote is confined to Diet members; if it has four or more, each having obtained enough supporting endorsements, it is determined by the card-carrying national membership, as happened in 1982 when Yasuhiro Nakasone won.

But, in reality, the factions had more or less settled that race in advance and Mr Nakasone did not unseat an incumbent, Zenko Suzuki having resigned for reasons as mysterious as those which had elevated him to the top two years before. It is probable now that Toshiki Kaifu will not be prime minister and party leader for much longer. He comes from a weak faction with no power base and will presumably consider it pointless to try to cling on to office. The faction bosses ultimately will decide.

Sometimes a resignation can lead to unexpected results. The best example of this in the Thatcher years can be found in Canada in 1979-80. Having lost the general election to Joe Clark's Conservatives in 1979 after serving almost exactly the same length of time in office as Mrs Thatcher, Pierre Trudeau resigned as party leader in November. Less than a month later, Mr Clark lost a vote of confidence in the Commons, precipitating another election. Since the Liberals had not chosen a new leader, Mr Trudeau agreed to soldier on – and promptly found himself prime minister again when Canada dumped the Conservatives the following February.

It is probably a little late for Mrs Thatcher to try to emulate Mr Trudeau, who was never her favourite Commonwealth leader. Nor, if the example of Lazarus seems preferable to the delights of Dulwich, should she look elsewhere in the old empire for precedent or inspiration. John Vorster and P W Botha have not come back; the summary removal of Gough Whitlam by the Australian governor-general in 1975 might tempt the Queen; and party coups are all the rage in the Antipodes.

By international standards the Tory party is going about its business rather fairly

The suspicion, therefore, is that, by international standards, the British Tory party is going about its business rather fairly and openly. Which is not to say that it is right to remove "a great stateswoman" from the scene. But merely that it has the right, and the rules, to determine its own leadership. If the electorate disagrees, that is another matter and another forum. But, as Jimmy Carter said, and he should know, "life isn't fair"; nor is politics.

LOMBARD

The one who ought not to succeed in the Tory race

By Samuel Brittan

Mrs Thatcher is well known to believe that the one Conservative contender who should be prevented at all costs from obtaining the Tory crown is Michael Heseltine. Although I can list many issues from European money to mortgage relief on which Mr Heseltine's position is preferable to hers, she is basically right.

It was infelicitous for the prime minister to say that Mr Heseltine's ideas were akin to those of the Labour party. In principle, at least, Labour's economic interventions are designed to help the poor and least fortunate, however misguided the thinking. The main thrust of Mr Heseltine's interventionism is to help business and industry; its true name is corporatism. A moderate Labour government (preferably without an absolute majority) would be preferable.

David Henderson of the Organisation for Economic Co-operation and Development has made a list of fallacies which he calls – over-charitably – do-it-yourself economics, and I have re-christened businessmen's economics.

Chapters four and five of Heseltine's own book Where There's a Will (Hutchinson, 1987), are a rich source of all these fallacies. We are told: "A large favourable balance in manufacturing has always been an important contributor to economic wellbeing." There is a paean of praise to Japan as "a brilliantly orchestrated and managed partnership between the industrial and governmental worlds". What does Heseltine like about government policy? "EUREKA, Alvey, ESPRIT all mean the same thing: the use of taxpayers' money to underwrite commercial, civil and industrial activity to keep Britain up there in tomorrow's competition."

Then too: "There are industries, such as the steel industry, the car industry and the airframe industry which cannot be allowed to fail if Britain is to remain an advanced economy." Or: "Politics...panders to consumers, so investment has to suffer." (What else is economic activity for?)

But, a reader might ask, "has not Nigel Lawson, whom you frequently support, declared in favour of Heseltine?" Alas he has; and my sadness on hearing the news was greater than words could express. For if anyone is bitterly opposed to everything that Lawson has stood for it is Heseltine and his most committed supporters. The one original Heseltine backer who fancies himself on finance and economics waylaid me on the steps of the Savoy Hotel a few months before Lawson's resignation to say how much he agreed with Sir Alan Walters.

Where There's a Will goes out of its way to back the 1985 Lords Committee which so got up the ex-chancellor's nose in its special pleading for manufacturing. It concludes by repudiating the Lawson view that "it is industry's job to make itself competitive".

What reasons does Lawson give? First, there is the poll tax. This is indeed a characteristic blind spot in the Thatcher vision. But we need a sense of proportion. Most of the damage has already been done, and you do not choose a national leader on the basis of a tax which pays for one quarter of local authority spending.

Second, the former chancellor mentions the independent central bank. The central bank is likely to come by one route or another, whoever is leader. Even if Heseltine established it earlier, how likely could he be to leave it alone if it got in the way of his political or industrial priorities? But even if I am wrong, it is not worth sacrificing one's deepest political and economic beliefs for perennially disputable macro-economic institutions.

Third, Lawson said that Heseltine would be the most likely to win the next election. Winning an election for its own sake is not the be-all of politics. But even assuming it were, the average of the polls show surprisingly little difference between Major and Heseltine. But let us grant that Heseltine has something extra he could pull out during the campaign. Why should he not do that as party chairman, especially as he has said that he would go to the ends of the earth to help the Tories to win?

A more sophisticated thought is that the Treasury could be relied on to put its foot down. But our charismatic contender has thought of that already. He has published plans for a strengthened Department of Trade and Industry, which would keep the Treasury in its place. If and when he had an election victory safely behind him, we might find that he means it all.

It would be wrong to present my reservations purely in terms of political economy, as if he were some Harvard economist who favoured more interventionism than was prudent. Heseltine's political style worries me even more. There is nothing wrong with reasonable ambition, but the obsessive way in which he has pursued the Conservative leadership since he resigned as defence secretary in 1985 has not been an attractive spectacle. I can remember several years ago – when he first started saying that he could not envisage the circumstances in which he would stand against Margaret Thatcher – thinking of the built-in get-out, that circumstances had arisen which he had not envisaged; and so it proved. Then again there is his obsession with opinion polls, especially about himself, in the past, present and future.

No one can accuse my articles of being unduly deferential towards Mrs Thatcher. It is all the more reason that if – with every admission of fallibility – I see a candidate with most of her faults and few of her virtues, I should say so.

LETTERS

A time limit to work both ways

From J R Walker.

Sir, Samuel Brittan would limit a prime minister's period of office. I believe he misses an essential prerequisite.

A prime minister is given too much power over the opposition because he/she can fix the date of an election with minimal notice and at a time of maximum inconvenience; and over his/her own party because unless they vote as instructed, they might plunge everyone into an election and themselves out of a job.

A prime minister could be limited to (say) two terms but every election should be for a full five-year period which was not variable. Opposition parties could then plan for the future; MPs could vote as their conscience or intellect demanded; government would tend to bring forward legislation which would attract broad support. If a prime minister really lost the confidence of parliament then the Queen would invite someone else to form a government.

J.R. Walker

46, Princes Way,
Hutton, Brentwood, Essex

Samuel Brittan writes: I agree.

Anomaly in the auditing process

From Mr Peter Waine.

Sir, The prime role of auditors is to ensure that the company's Board of Directors presents to its shareholders a fair, honest and accurate report on their company's financial status. It seems somewhat anomalous, therefore, that auditors report, within the company, directly to those same directors on whose judgment they are effectively commenting.

Would it not be more reassuring to shareholders, particularly of listed companies, if auditors were required to report to an Audit Committee of the Board, comprising a majority of non-executive directors of the company?

Peter Waine,
Chief Executive, Hanson Green,
7 Cavendish Square, W1

It's time to brush the dust off old statistics

From Mr David Worswick.

Sir, In his article on Mrs Thatcher ("Her character was her destiny", November 23), Joe Rogaly writes: "The British polity was in a terrible mess in the summer of 1979. Inflation was rising. Unemployment was climbing." The events of 1979 are likely to come into prominence again as a general election approaches, and we can be sure that politicians will bend the story a little one way or the other to suit their own positions. All the more reason for responsible commentators to take extra care.

The measurement of unemployment has been the subject of controversy: even so, I do not think there is any way to make British unemployment "climb" in the summer of 1979. Take first the seasonally-adjusted figures for unemployed, excluding school leavers, for the United Kingdom. The number was 1,422,400 in December 1977, and 1,321,200 in December 1978, an average monthly drop of over 8,000, which was pretty steady throughout the year. There was then a jump, in January and February 1979, of 42,000 in all, but by April the number was back to the December figure, and the fall resumed at 12,000 a month to September. The average monthly drop from December 1978 to September 1979, was 7,000. This was the story, as it was seen in the monthly Digest of Statistics of June 1980.

There have been many changes in the measurement of unemployment in recent years, and it seems worthwhile inspecting what effect, if any, these changes have made on the story of 1979. In the table below, I show the seasonally adjusted quarterly rates of unemployment in the United Kingdom for 1978, taken from official sources in 1981 and 1989. In the first row, the figures come from Economic Trends, Annual Supplement, 1981, and in the second row from Economic Trends, Annual Supplement, 1989.

Not only have the revisions of recent years lowered the average rates of unemployment in 1978-1980 by amounts between 1.2 and 2.1 percentage points, but they appear also to have ironed out the blip in the first quarter of 1979. With the current way of measuring, the trend of unemployment in 1978 and 1979 was monotonously downward, albeit at a slow rate. The climb in unemployment, which was to be large, on either measure, began at the end of 1979. In the summer it was still declining. We have not seen 4.0 per cent since.

David Worswick,
25, Beech Croft Road, Oxford

Quarterly UK unemployment rates (seasonally adjusted: per cent)

	1978				1979				1980			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
As measured in 1981	5.9	5.8	5.7	5.5	5.6	5.4	5.2	5.3	5.7	6.2	7.0	8.4
As measured in 1989	4.4	4.4	4.4	4.2	4.2	4.1	4.0	4.0	4.1	4.6	5.3	6.3

The hard Ecu plan is increasingly problematic

From Prof Tim Congdon.

Sir, Mr Paul Temperton suggests (Letters, November 22) that my criticism of the hard Ecu plan was unjust. I said that the official plan was vague about what kind of "money" the hard Ecu was supposed to be and, in particular, about the distinction between notes and deposits. But, as Mr Temperton correctly notes, an article in the autumn issue of the Treasury Bulletin did distinguish between notes and deposits. My article was submitted to the Financial Times before the publication of the relevant Treasury Bulletin, but I decided not to rewrite it – indeed, the Bulletin article creates yet more problems.

The gist of the new problem is as follows: the Bulletin article clearly envisages a hard-Ecu banking system, where commercial banks are presumably free to make hard-Ecu loans and create hard-Ecu deposits. If such a banking system existed, the introduction of the hard Ecu would involve new money creation. However, the Treasury has asserted that, because the hard-Ecu liabilities of the proposed European Monetary Fund would have to be fully backed by national currencies, the plan would not lead to new money creation.

There is a contradiction here. The Treasury Bulletin article also does not specify whether the national currencies held by the EMF should be exclusively claims on central banks (notes? balances with the central banks?) or should also include claims on commercial banks. The implications for monetary conditions and the EMF's profitability would be very different for the two types of asset.

Also, if the hard-Ecu scheme is to mean anything at all, holders of national currencies have to switch them into hard Ecu. But the Treasury and Bank of England are worried that excessive growth of national-currency money supplies could lead to too much switching, which would result also in excessive growth of the quantity of hard-Ecu. They have therefore proposed that national central banks would have to repurchase their own currencies, if EMF holdings of such currencies came to exceed certain pre-set limits.

But what if heavy switching into the hard Ecu is due not to the rapid growth of quantities of national currencies, but to a propensity to move into the hard Ecu from a well-managed, slowly-growing national currency. This would surely be the point of the entire hard-Ecu plan. In this case would a central bank still have to repurchase its currency?

Perhaps there will be an article in a future Treasury Bulletin saying that the EMF will have discretion about the appropriate scale of repurchases, but this would make the arrangements artificial to the point of daftness. The government should drop the hard-Ecu plan before it is ridiculed by our European partners.

Tim Congdon,
Managing Director,
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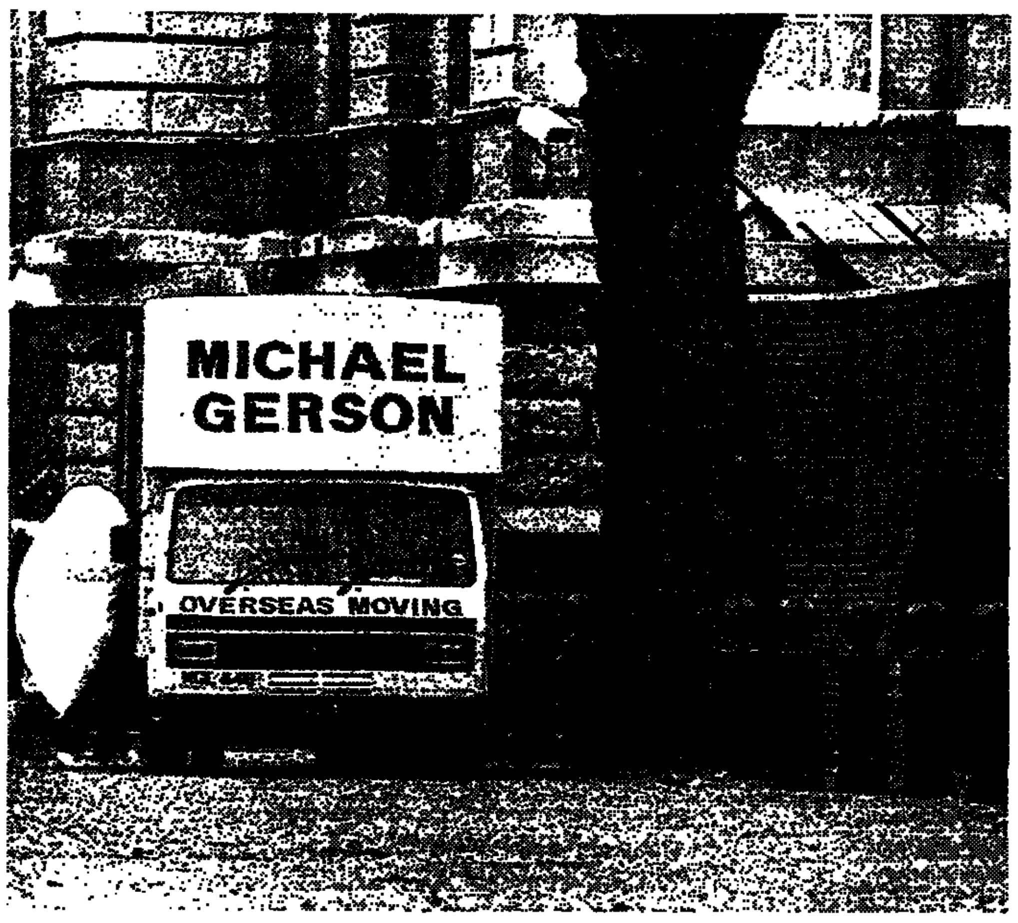
FINANCIAL TIMES
Tuesday November 27 1990



AFFAIRS OF STATE were pushed aside by Mrs Margaret Thatcher yesterday, writes Ralph Atkins. As she gave a series of parties for those who have worked with her in the past 11½ years, a removal van at the back entrance of Downing Street (above) prepared her for the move to her civilian home in south London.

If the leadership election produces an outright winner today, the prime minister will spend *one last* night at Downing Street before handing in her seals of office at Buckingham Palace tomorrow. If the contest goes to a third round, she will stay until Friday.

Since announcing her resignation, the prime minister has received 24,000 letters , mostly offering sympathy and support, and more than 1,000 bouquets of flowers.

A lunch in 10 Downing Street for close political friends included Mr Cecil Parkinson, transport secretary, Mr Norman Tebbit, former party chairman, and Lord Joseph, who held ministerial posts in the Conservative government. "There is a large world stage and I hope she will be contributing to political thinking for a long time to come," Mr Tebbit said afterwards.

Mrs Thatcher will attend her twice-weekly session of questions in Parliament today and, if necessary, on Thursday. She will then have to sort out her private papers before deciding on a career beyond Downing Street.

More votes than voters in a never-never world

By Ivo Dawnay, Political Correspondent

REPORTED to be the most sophisticated electorate in the world? Maybe. The most devious? Without doubt.

The lobbies and corridors of the House of Commons were packed yesterday with people saying, as Jonathan Swift liked to put it, "the thing that was not."

At one point, by adding all the claims together it was possible to calculate that from a total of 372 Tory MPs, some 415 were said to be firmly committed to one leadership contender or another, while a further 30 to 40 were reported to be undecided.

These bizarre equations were supplied and updated throughout the day by the rival team managers, armed with all the gung-ho confidence of used-car salesmen.

"The others may be lying, but I am not", said one campaigning MP, a thoroughly unconvincing smile stretched across features often celebrated for their sincerity when seen on television.

Custom and practice has it – no-one knows quite why – that deaths are always reported by willing journalists to have taken place on the way to hospital. In the case of lies, on the other hand, these simply never occur at all.

This arrangement is in force to ensure that MPs can feel free to tell the truth to journalists in the sure knowledge that they will not be quoted.

In this never-never world, Winston Churchill got the closest to defining the less-than-true when he once referred to "terminological inexactitudes". Yesterday, the inexactitudes were more numerical.

What made them the more compelling was that even those peddling their canvass returns could not be blamed for inaccuracy.

The head counters could only report what they had been told by MPs, and beyond any doubt several of these had sought to win friends and influence by offering their support to more than one leadership contender.

A more experienced campaign manager warned that judging the quality of a pledge was a skill all of its own. "You have got to eyeball them", he said, hinting strongly that a telephone promise was not worth the paper it wasn't written on. Others swore that their commitments were "written in blood", a somewhat dubious assertion in its own right.

Yesterday, as Whitehall became a minister-free zone and the government of Britain flipped to auto-pilot, traffic in the non-existent lobby would have put a commuter station concourse to shame.

Secretaries of state – usually as rarely sighted as golden eagles – hovered ready to give their opinions.

"Of course, I disagree with Douglas on nearly everything", admitted one languid legislator, "but he's the right man to run the country".

Conservative MPs prepare for election of new UK prime minister

Continued from Page 22

insisted that he will take a pragmatic approach to public sector services and was unenthusiastic about further radical reforms which would move in the direction of privatising education and health.

Mr Major said his promised review of the poll tax (local government tax) would include the possibility of linking it to incomes but dismissed as unworkable suggestions that it should be "banded".

Despite the strong support he has drawn from "anti-federalist" MPs, Mr Major also emphasised that he believed a compromise could be found with Britain's European partners on economic and monetary union.

Mr Heseltine claimed that his pledges of support were above those of the chancellor despite the momentum established by Mr Major's campaign.

The former defence secretary appears confident that he will benefit from the transferable vote system which operates for the final ballot on Thursday. Under this system the second preferences of the third-placed candidate, at present likely to be Mr Hurd, are distributed between the two others.

Mr Heseltine could also argue that his support was understated by the large number of Tory MPs who will not publicly declare their allegiance because of their concern not to antagonise their constituency parties.

His pitch to waverers among the MPs yesterday continued to emphasise, with some success, the verdict of weekend opinion polls suggesting that he would be best placed to win the next general election. A poll published today, however, show sthat Mr Major has nudged ahead of him in that particular race.

The poll suggests 30 per cent of voters say they would be more likely to vote Conservative if Mr Major was leader compared to 26 per cent for Mr Heseltine.

Mr Hurd, meanwhile, sought to broaden his appeal by talking about plans to improve the health service and to promote greater parental involvement in education.

He also pledged a cabinet-level paper setting out the government's position on Europe ahead of next month's conferences on economic and political union.

Argentina to cut back bureaucrats

By John Barham in Buenos Aires

PRESIDENT Carlos Menem's Peronist government, heartened by the initial success of its privatisation campaign, is taking on Argentina's bureaucrats, who have thwarted 11 attempts to thin their numbers over the last 10 years.

The Economy Ministry has approved a three-year plan, beginning early in 1991, to cut 122,000 central government jobs, about a fifth of the total. This will save about $1.5bn.

The World Bank and Inter-American Development Bank are supporting the programme with advice and between $500m and $600m in loans.

Argentina is an outstanding example of the Latin American paradox of a state endowed with large powers, yet unable to wield effective control because it *is* crippled by red tape, corruption and political intrigue.

Mr Hector Domeniconi, a senior Economy Ministry official, said: "We want to have a state ready to serve the country we hope to build."

But Mr Menem's vision of a *modern, competitive country* run by highly qualified and well-paid officials contrasts starkly with reality. Mr Raul Cuello, head of the Inland Revenue, said of his staff: "Thirty per cent don't ever come to work, 30 per cent don't know how to do their job and 40 per cent are corrupt."

Civil service reform is an integral part of Argentina's sweeping deregulation and privatisation programme.

Seven agencies and companies – including the national airline and telephone network – have already been privatised.

The government says reducing non-essential duties will allow it to concentrate on improving the neglected welfare, education and police services.

Soviet republics urged to heed targets

By Leyla Boulton in Moscow

A DESPERATE economic picture of falling output and soaring expenditure was painted by the Soviet government yesterday as it begged republics to heed newly unveiled 1991 budget and planning targets.

Mr Valentin Pavlov, finance minister, told parliament that his new-style "union budget" *related only to central spending* and revenue, leaving republics the freedom to set their own budgets after contributing to the union budget.

However, the Russian Federation, the largest republic, has already said it wants to examine the union budget to decide *for itself how much* central government needs.

The union budget for 1991 puts spending at Rbs261.2bn, with defence the biggest single item at Rbs98.6bn, up from Rbs70.97bn this year.

Mr Pavlov said defence spending next year would fall in real terms by 10 per cent but the figure was inflated to allow for future price liberalisation.

He also warned that, without extraordinary measures, the *country's total budget deficit* next year would reach Rbs250bn, compared with an estimated gross national product of Rbs1.2 trillion (million million).

The 15 republics would be responsible for Rbs170bn of that deficit, with the central *government responsible* for the rest. Mr Pavlov also said the problem was due to an increase in spending while the country's revenues fall because of economic and political chaos.

He said the government would bring the combined deficit down to Rbs59bn if parliament approved a turnover tax of between 3 per cent and 5 per cent and if a stabilisation fund raised an estimated Rbs110bn, *mainly from the sale of state* assets.

Several republics have claimed sovereignty over all assets on their territory, while the central government maintains that it is still the owner of so-called all-union enterprises dotted about the country.

Presenting the proposal, Mr Yuri Maslyukov, chairman of Gosplan, the state planning organisation, said GNP was expected to fall 3 per cent next year as a result of lower industrial input and reduced capital investment. He said the country's national income had fallen 3 per cent in the first 10 months of this year compared with the same period last year, while labour productivity was *down* 2 per cent. *Exports* were down 12 per cent.

Until a market was established in the Soviet Union, republics should refrain from breaking traditional economic ties, he said. Republics have been concluding direct economic agreements between each other in an attempt to shake off Kremlin control.

Observer, Page 20

Ministers must win early breakthrough to avert collapse of Gatt trade talks

By William Dullforce in Geneva

WORLD TRADE ministers must achieve a political breakthrough in the first two days of their Brussels meeting next week to save the Uruguay round of talks, a European *Community spokesman said* yesterday.

After four years of talks on trade liberalisation, negotiators could offer ministers only "blank pages" on farm reform, trade-related investments and a new anti-dumping code, he added.

Mr Arthur Dunkel, director-general of the General Agreement on Tariffs and Trade (Gatt), was due to submit yesterday to the Trade Negotiations Committee (TNC), the Round's governing body, a 400-page document containing results of talks in 15 negotiating areas, to be forwarded to trade ministers.

The spokesman called the document an "unfinished symphony", containing material for a result far more impressive than achieved in earlier Gatt rounds, but failing to set out clearly political options for ministers to decide.

Negotiators agree the confrontation on agriculture between the EC and US, which has the support of the 13 farm-*exporting nations in the Cairns* Group, holds the key to the Brussels meeting. Argentina, Brazil, Chile and Uruguay, all Cairns Group members, say they will not accept the Round ending without substantial agreement on agriculture.

So far, Germany and France have resisted any improvement in the EC offer to cut internal farm supports by 30 per cent, which has been rejected by the US and Cairns Group. Hopes hinge on a German change of attitude after Sunday's general elections. EC trade and farm ministers hold a council on Sunday evening, the day before world trade ministers meet.

If there is no political breakthrough by Wednesday, chances of the Round ending successfully would be below 50 per cent, an EC spokesman said. No real talks had been possible on farm reform, trade-related investment and anti-dumping, because there had been no agreement on basic assumptions.

Services would have pro*vided a fourth blank page but* for the fact that the US alone had contested the assumption that Gatt's most-favoured-nation (MFN) principle should be applied to trade in services. The other 100 countries had insisted the draft agreement should go forward.

The dossier for ministers presented by Mr Dunkel contains a 70-page draft accord on services, but will omit the annex that should have covered financial services.

Yesterday, Latin American and Caribbean countries urged the big trading powers to lead in ensuring markets were opened to exports, including farm produce, and "more equitable" rules were adopted in areas such as services – the only way to avoid a crisis, Mr Leopoldo Tettamanti, Argentine ambassador, said.

Polish premier ready to quit

Continued from Page 1

first place, obviously," said Mr Tyminski. He added that Mr Walesa might carry out a pre-election threat to drop out rather than face him in the December 9 run-off between the two front-runners.

"He seems very afraid to be with me in the second round. If he's true to what he said he will go fishing," said Mr Tyminski.

In Gdansk, Mr Walesa said he was "hesitating" about taking part in the second round, but left his listeners at a press conference in little doubt that he would.

"I was at the helm of Poland's reforms for the last ten years . . . and it wouldn't be proper to leave it now," he said.

Mr Walesa said that the challenge from Mr Tyminski had become *possible because of the* policies conducted by the *Mazowiecki* government.

"I warned them half a year ago that this road leads to a third force which would defeat all of us," he said.

THE LEX COLUMN

Cheap entertainment on Wall Street

Sometimes it pays to be the last girl on to the dance floor. Matsushita's $6.6bn agreed bid for MCA, one of the most famous US media properties, says more about the sorry state of the US takeover business than anything else. Here was a cash rich Japanese giant, obviously desperate to catch up with Sony, a smaller but more aggressive rival, which had already bought into the same industry. When word of its interest first leaked out, MCA's shares jumped by nearly two thirds, and an exit price of $100 plus was being talked about. In the event, Matsushita has paid nearly a third less and got the management to agree to the deal. No wonder Wall Street is not impressed.

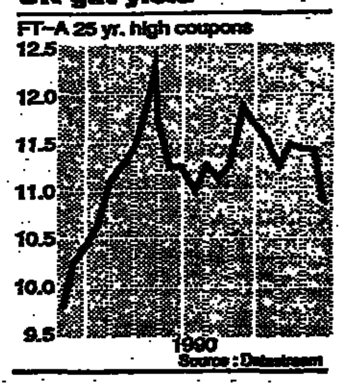
The difference in price of the two transactions is even more remarkable. Little more than a year ago, Sony paid close to 200 times earnings for *Columbia* Pictures. Matsushita, by contrast, is paying around 34 times historical earnings for a business with a much more tangible asset base. Throw in the fact that the Japanese yen has strengthened by around 10 per cent in the interim and *Matsushita* has negotiated a reasonable deal, notwithstanding the modest dilution involved.

Of course, MCA is very much a poor man's Walt Disney, with its mixture of film studios, theme parks and related entertainment products. Indeed, the price Matsushita is paying looks fairly steep when compared with Disney's historical multiple of close to 19 times earnings. It remains to be seen whether a conservative Japanese multinational can make MCA's assets dance anywhere near as as profitably as Walt Disney's over the longer term.

Nevertheless, the MCA deal underscores what happens to asset prices when there are more sellers than buyers and credit is no longer easy to come by. The junk bond market is virtually dead, the banks are desperate to shrink their loan books and most famous Wall Street firms are no longer capable of orchestrating a contested bid. The first whiff of this changing and Wall Street will perk up again.

UK gilt yield

FT–A 25 yr. high coupons



UK interest rates

The markets remain stubbornly convinced of the imminence of a UK base rate cut, despite the Bank of England's attempts to dissuade them. The three-month money market rate fell yesterday to just over 13¼ *per cent. Long gilts rose* by more than a point. And most remarkably, sterling futures are indicating interest rates of precisely 13 per cent by Christmas and 11.5 per cent by March.

This is a useful reminder that sterling *at its present* level must be partly discounting a base rate cut already. Since yesterday's level of DM2.93 is eight pfennigs above the ERM floor, this might imply that a cut of least half a point can be safely undertaken. Indeed, it is plainly anomalous that the two highest-yielding currencies in the ERM should be sterling and the peseta, with the peseta at the top of the system and sterling at the bottom.

But that *fact* is itself a reminder of market scepticism about the UK's commitment to the system. The idea that base rates can be cut at will is – or should be – a relic of pre-ERM days. If the market assumes it is still feasible, it will correspondingly assume that the obligation to defend sterling is not absolute either. This is plainly self-defeating; hence, presumably, the Bank's attempts to deny both propositions.

As the latest figures from the Confederation of British Industry remind us, the domestic case for lower interest rates is growing ever stronger. The snag is precisely that the markets will be watching the new prime minister closely for clues to his monetary stance. December 14 has already been marked down as a likely date for a half-point cut, this being when the published inflation figure is due to fall back below 10 per cent. The authorities might ask themselves whether this might be taken as a sign of laxity; and if so, whether sterling would prove so resilient after all.

Guinness Mahon

The curse of Guinness Mahon strikes again. Just when it seemed that the Bank of England had finally sorted out one of its more problematic charges by persuading a Japanese bank to buy it, it has shown that it can still deliver a nasty surprise. The worrying thing is that it was not the securities and investment management businesses which caused the upset. These are doing rather well. The problem is the loan book; and though £8m provisions does not sound a lot, if a clearing bank wrote off 2¼ per cent of its advances the alarm bells would be sounding. Guinness Mahon's new parent might wonder whether it *should scratch its* offspring's name and start afresh.

Water stocks

The odd thing about Northumbrian Water's interim results yesterday was that the shares actually went up for a time, on a slightly higher than expected dividend and the prospect of a 6.8 per cent yield for the full year. Second thoughts had intervened by the close, with the market giving more weight to the company's comments on regulation. If Northumbrian is right, the continuing struggle between Ofwat and the National Rivers Authority is upsetting its capital expenditure plans and causing serious uncertainty for the industry. The problem according to Northumbrian is that the NRA wants to impose tough environmental rules but has no sense of cost, while Ofwat is sticking to its views on what consumers can reasonably be charged in the early years of regulated price setting.

Reading between the lines, *Northumbrian has spent* around £4m to meet extra regulation in the half year. This helped push up operating costs and applied a further squeeze to margins, though arguably not much more than would have happened anyway. The detailed asset study now in progress might actually bring independent benefits to the company.

The question for the market is whether there is anything more here than post-privatisation whingeing. After all, Thames hinted a few weeks ago that it could well be prosecuted by the NRA over discharges from its sewage treatment plants. With the other companies lining up to report their results, Northumbrian may have opened the gate for a chorus of complaint. But it is too early to say that the NRA's *strict interpretation of* the rules is a serious threat to the industry as a whole.

WORLDWIDE WEATHER

		°C	°F
Ajaccio	F	13	55
Algiers	F	16	61
Amsterdam	R	3	37
Athens	S	20	68
Bahrain	F	26	79
Bangkok	F	31	88
Barcelona	S	12	54
Beirut	–	–	–
Belfast	S	7	45
Belgrade	F	14	57
Berlin	R	5	41
Biarritz	C	11	52
Bombay	S	33	91
Bordeaux	C	8	46
Boulogne	F	6	43
Brussels	R	5	41
Budapest	R	9	48
Buenos Aires	R	28	82
Cairo	F	23	73
Cape Town	S	30	86
Caracas	C	28	82
Casablanca	R	15	59
Chicago	S	5	41
Cologne	F	7	45
Copenhagen	R	3	37
Corfu	R	18	64
Dallas	C	23	73
Dublin	S	7	45
Dubrovnik	C	17	63
Edinburgh	F	5	41
Faro	C	15	59
Florence	F	15	59
Frankfurt	C	7	45
Geneva	F	6	43
Gibraltar	F	14	57
Glasgow	F	7	45
Helsinki	Fg	1	34
Hong Kong	S	26	79
Innsbruck	S	8	46
Inverness	F	6	43
Islamabad	F	21	70
Istanbul	F	16	61
Jakarta	R	32	90
Jersey	R	7	45
Johannesburg	C	14	57
Lima	F	21	70
Lisbon	F	10	50
London	C	8	46
Los Angeles	S	13	55
Luxembourg	C	3	37
Madeira	F	18	64
Madrid	C	7	45
Majorca	F	16	61
Malaga	F	16	61
Malta	S	22	72
Manchester	C	7	45
Manila	C	31	88
Melbourne	F	16	61
Mexico City	F	25	77
Miami	S	21	70
Milan	C	5	41
Montreal	S	-4	25
Moscow	C	-2	28
Munich	S	9	48
Nairobi	F	24	75
Naples	C	19	66
Nassau	F	29	84
New Delhi	S	22	72
New York	S	8	46
Nice	T	10	50
Nicosia	S	22	72
Oporto	C	11	52
Oslo	S	-2	28
Paris	S	6	43
Peking	S	11	52
Prague	F	5	41
Reykjavik	R	3	37
Rhodes	S	20	68
Rio de Janeiro	C	30	86
Rome	R	14	57
Salzburg	S	7	45
San Francisco	S	8	46
Seoul	S	10	50
Singapore	F	30	86
Stockholm	C	0	32
Strasbourg	F	7	45
Sydney	S	23	73
Taipei	C	26	79
Tangier	T	15	59
Tel Aviv	F	22	72
Tenerife	F	21	70
Tokyo	F	18	64
Toronto	S	-2	28
Tunis	S	20	68
Valencia	F	14	57
Venice	S	13	55
Vienna	C	9	48
Warsaw	R	9	48
Washington	S	8	46
Zurich	F	5	41

Temperatures at midday yesterday C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

FINANCIAL TIMES
COMPANIES & MARKETS
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Tuesday November 27 1990

INSIDE

Goodman Fielder to vote on chairman

Unhappy shareholders in troubled Australasian food group Goodman, Fielder Wattie have blocked an executive share option scheme and forced a vote on the re-election of Pat Goodman (left) as chairman. Having revealed a net loss of A$85.6m (US$65.8m) for last year, Goodman told the annual general meeting: "You have a right to be concerned about how this happened." The board, he said, had recognised that it had to take tough decisions and had already performed "the necessary surgery". Page 26

Retailers sing Christmas blues

US retailers are hardly brimming with holiday cheer as the Gulf crisis continues and recession looms. They are determined to beat off the expected slowdown in sales this Christmas with discounting campaigns and promotional events. This will make it a happy Yuletide for consumers, with expected discounts of 20 per cent or more. Barabara Durr looks at gloomier prospects for US retailers which normally derive up to 50 per cent of their profits from Christmas shoppers. Page 25

Burmah steps up Foseco battle

The bickering over Foseco was intensified yesterday as Burmah Castrol, the UK lubricants, fuels and chemicals group, launched another offensive in its bid for the specialist chemicals group. Burmah sent a letter to Foseco shareholders saying that, after stripping out exceptional credits, the 275p offer represented good value at 11.5 times earnings — based on pre-tax profits for 1990. Foseco, however, rejects this anaylsis, reports Richard Gourlay. Page 30

Foreigners queue up in Korea

The new guidelines for the liberalisation of the Korean capital market have met a mixed reacton from foreign securities firms. Despite some uncertainty over the number of licences available and what some view as onerous operating capital levels, many foreign brokers are now expected to apply for licences to open branch offices or joint ventures. Faced with initial high costs, few firms, however, expect a quick return on their investment. Page 28

Tractors stuck in a rut

The number of new tractor sales in the UK, always a useful barometer of the state of British agriculture, has continued to fall for the third year in a row. The slump has forced some long-established dealers out of business and, despite isolated areas of farming profitability this year, next week's annual Smithfield agricultural show will again prove a trying time for equipment manufacturers. David Richardson reports. Page 38

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)			
Falls			
Allianz AG	2180	−	50
Beiersdorf	740	−	20
Brown Boveri	760	−	38
Daimler-Benz	581	−	25.5
Mercedes Hld	475	−	14
Metallgesell	425.5	−	20.5
NEW YORK ($)			
Rises			
Halliburton	45½	+	⅛
Mobil	58⅞	+	1⅜
Schlumberger	55⅛	+	⅝
Falls			
Allera	6⅜	−	⅞
Child World	4½	−	½
Lattice	5¾	−	¼
PARIS (FFr)			
Rises			
Auxiliaire d'Ent	1006	+	26
Industriels	4660	+	135
Total-Petroles	680	+	26
Falls			
CGE	534	−	16
Canal	854	−	32
Eaux (Cie Gen)	2174	−	81
TOKYO (Yen)			
Rises			
Kubota	697	+	17
Pioneer Elec	3680	+	350
Prima Meat Pckrs	880	+	37
Tokio Mne & Fr	1270	+	20
Tokyo Cosmo	1190	+	10
Falls			
Honshu Paper	2200	−	90

LONDON (Pence)			
Rises			
AcornComp	17	+	5
Amersham Intl	321	+	10
Colroy	160	+	42
Cropper (J)	120	+	20
Fairline Boats	553	+	25
Frogmore Ests	318	+	32
Falls			
Aloha Ests	8	−	5
BET	188	−	14
Brit Aero	522	−	15
Eurotunnel New	103	−	25
Holmes Marcht	45	−	8
JS Pathology	160	−	13
Prop Part'ship	245	−	10
Rolls-Royce	157	−	7½
South West Wtr	254	−	11
Sun Alliance	329	−	10
TACE	162	−	16
Trafalgar Hse	188	−	8
Unilever	846	−	12
Wellcome	380	−	15
Wessex Water	243	−	10

SAS boosts core airline business in wide shake-up

By Karen Fossli in Oslo

SCANDINAVIAN Airlines System (SAS) yesterday announced a far-reaching reorganisation designed to strengthen the faltering airline that is the company's core business.

Mr Jan Carlzon, SAS's president, said the airline was facing the greatest challenges of any part of the group. As a result of the restructuring, he would have greater "hands-on" control.

The reorganisation should also allow SAS to maintain its ownership interests in other companies, develop synergies with foreign alliances, expand its group travel service system and strengthen national units in Denmark, Norway and Sweden.

It should also create a base for long-term efficiency while embracing present trends which have seen monthly fuel costs rising by SKr2bn ($360m) for each cent on the price of a gallon of fuel, Mr Carlzon said yesterday in Oslo.

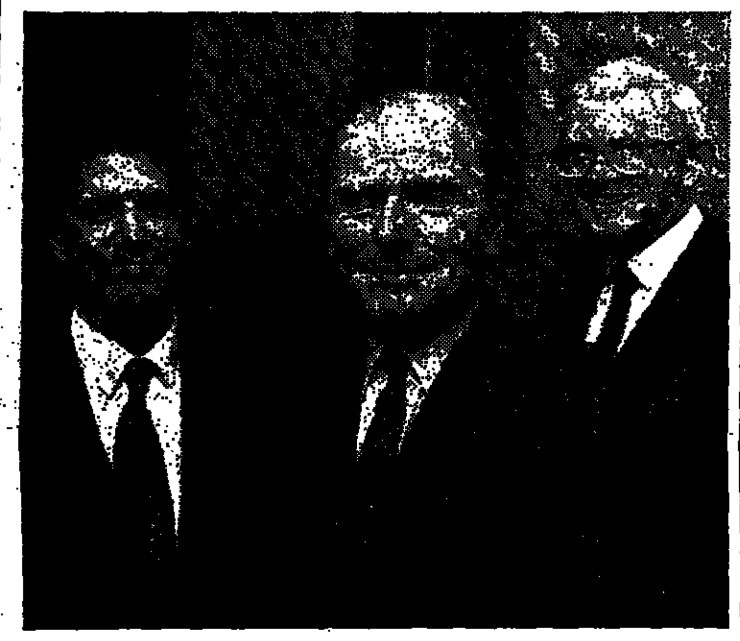
Mr Carlzon denied that SAS was being reorganised to make it easier to split it up should Norway or Sweden or both decide to join the European Community. He explained that it was more to do with improving efficiency, strengthening controls and minimising bureaucracy in the decision-making process.

"The airline business is in a state of turbulence and change. In Europe, liberalisation and new competition are at the doorstep. The global economy is in a downturn, the Gulf crisis has sent costs soaring, and the demand for travel services has stagnated. The expansion the business enjoyed in the 1980s is history," he said.

The shake-up entails six new divisions: group control, finance, international, business and strategic development, travel services and alliances development, and corporate communications.

The traffic services division, which oversaw the three Scandinavian hubs, has been disbanded. A "country manager" has been appointed in each of Norway, Sweden and Denmark. In September, SAS's airline division implemented a programme to cut costs by at least 5 per cent in 1991 after suffering a 69 per cent fall in operating profits to SKr128m for the first half of 1990.

The aim is to save SKr1bn of its current budget of SKr20bn by trimming personnel costs which account for 37 per cent of annual expenditure. SAS says the reorganisation should save more than SKr500m in the first half of next year. It suggested the 22,000 workforce could be cut by about 1,000 to 2,000.



Flanked by Michael Murden, managing director (left) and David Cranston, finance director, Sir Michael Straker, chairman of Northumbrian Water warned yesterday that the growing pace of environmental regulation could lead to "significant" cost increases for the recently-privatised group. Results, Page 30

Matsushita, the cautious imitator

Ian Rodger looks at the Japanese group's $6.1bn purchase of MCA

What kind of company would splash out $6.1bn to buy a Hollywood film studio?

The answer, sad to report, is one that up to now has been very big and very boring.

Matsushita Electrical Industrial is one of the largest players in some of the world's liveliest markets – those for video, audio, telecoms and computer equipment – yet its own name does not appear on any of its products.

It has cash reserves of more than Y2,000bn ($15.7bn) and has long been present in most world markets, yet it made its first foreign acquisition – a 25.1 per cent stake in a German optical company – only five months ago.

It spends more than $2.7bn a year on research and development, yet it is not renowned for having invented anything. On the contrary, it still carries a reputation acquired in the 1960s as a brilliant copycat. It developed radios, televisions and videos from concepts first advanced by Sony and others, then marketed them more successfully than rivals because of its production savvy and distribution power.

Yesterday's acquisition of MCA, the Hollywood entertainment conglomerate – echoing Sony's $3.4bn purchase of Columbia Pictures a year ago – seems merely to confirm the jeering nickname the Japanese have for the Osaka-based giant. They call it "Maneshita", playing on the Japanese verb, *maneru*, meaning to imitate.

Like many large Japanese groups, Matsushita still lives in the immense shadow cast by its founder, Mr Konosuke Matsushita.

The son of an impoverished landlord, Mr Matsushita set up an electric light bulb factory in 1917 in a house he rented in Osaka for Y16.5 a month. From that modest beginning, his company has grown into a worldwide group with annual sales last year of Y6,000bn.

Mr Matsushita, who died 18 months ago at the age of 94, was regarded as the "God of Management" in Japan, first for his pioneering work in setting up mass production of consumer electrical products and later for numerous publications setting out his management philosophy.

"The mission of Matsushita Electric is to produce an inexhaustible supply of goods, thus creating peace and prosperity throughout the land," he told his employees in 1932.

While that statement did not prove to be prophetic in the short term, it became the key to the group's post-war success. From 1951, when Matsushita produced its first National washing machine, an unending stream of low-cost home appliances and consumer electronic goods poured off the company's assembly lines.

By 1983, the group ranked 24th in Fortune's list of the world's largest industrial companies, and its National, Panasonic, Quasar and Technics brands had become household names all over the world.

Almost half its Y3,988bn in sales that year were made outside Japan.

Group still lives in the shadow of the late Konosuke Matsushita.

However, Matsushita's shape was already beginning to change. Senior managers were unhappy with the concentration in consumer products, which accounted for more than three-quarters of total sales. The video and audio sectors, which accounted for half of all sales, were stagnating, and new sources of growth were needed.

Ever in character, Matsushita directors looked to Sony and other more adventurous companies for ideas of where their production and distribution power could be brought effectively to bear. Seven years later, Matsushita is a leading producer of facsimile equipment, word processors, personal computers, copying machines and telephones. And it has underpinned its thrust into more sophisticated electronic equipment by becoming a top semiconductor maker.

The group's instinctive caution also shows in its lag in realising the effects of its international presence. As recently as three years ago, only 9 per cent of its products were made in factories outside Japan, leaving the group far behind Sony and other more cosmopolitan companies.

Nevertheless, from an investor's point of view, the result has not been bad. "If you look over the past 15 years, you could have had a better return from Matsushita than from Sony," Mr Boris Petersik, an analyst at brokers BZW in Tokyo, points out.

At first glance, the MCA deal appears just another example of Matsushita's conservatism. And that is true – to the extent that it is motivated by the same strategic considerations as Sony's Columbia takeover. But the amount of money involved is so large that, even considering the size of Matsushita's cash reserves, it suggests a more daring approach than the group has shown in the past. Analysts wonder if the management style is changing now that the founder is gone.

One suggested that the directors may have studied Germany's Siemens and Britain's GEC, and realised that one of the biggest dangers a large, cash rich, industrial group faces is atrophy due to a loss of courage to take big gambles on future markets.

At his press conference yesterday in Osaka, Mr Akio Tanii, Matsushita's president, suggested vaguely that the purpose of the acquisition was to take advantage of the converging trends of video hardware and software. "They are like wheels of the same car," he said.

Some analysts believe Matsushita's main concern is preventing Sony from using its Columbia acquisition to promote its 8mm video technology as a standard to replace VHS. Matsushita beat Sony's Beta format with VHS 15 years ago by getting film studios to use it for home videos and it does not want to be beaten at the same game, according to this view.

Others believe it is too late for 8mm to catch up with VHS, and suggest that Matsushita's main aim in taking over MCA is to make sure that it is at the forefront of a new generation of video hardware, especially high definition television.

HDTV is still in its infancy, with rows over standards, and no products yet available. But from the point of view of a leading producer such as Matsushita, it offers the dazzling prospect of almost every existing television receiver in the world being replaced over the long term. No other new product on the horizon offers the same potential.

After its takeover of MCA, it will be able to produce HDTV videotapes of the huge film library it has bought and use them to show off the technology. With Sony pulling in the same direction, the promotional effort could ultimately be very effective, one analyst said yesterday.

For Sony, there were additional short-term motivations for acquiring a film studio, such as the promotion of its 8mm videotape standard and the prospect of converting Hollywood studios from film to video technology. Sony is the world market leader in professional video equipment.

But for Matsushita, it is strictly a long-term investment, and an uncharacteristically risky one.

Esselte chief quits as profits plunge 71% in first 9 months

By Robert Taylor in Stockholm

THE FUTURE of Esselte, the largest office products group in the world, continues to remain uncertain after it announced yesterday a steep decline of 71 per cent in its pre-tax profits (after financial items) for the first nine months to September 30 and the resignation of its chairman.

The Swedish company's profits fell from SKr361m ($65m) to SKr104m, while sales remained virtually the same at SKr11.63bn compared with SKr11.69bn. Profits per share for the past 12 months dropped to SKr6.80 from SKr15.90.

At the same time, the Esselte board said it had rejected the demand made almost two weeks ago by its largest shareholder, Mobilia, to raise this year's dividend from SKr8 per share to SKr50. Mobilia, the troubled investment company, is owned by brothers Gerhard and Peo Lindholm. The board also announced that Gerhard Lindholm, Esselte's chairman and president of Mobilia, had resigned from the office products group after explaining the investment company's financial troubles to his colleagues.

Esselte emphasised yesterday the two companies had "no business connections" other than Mobilia's 37 per cent equity shareholding and 44 per cent voting rights in Esselte. But there is now uncertainty over whether Mobilia will sell its dominant stake in Esselte.

Mr Erik Soderberg from Ratos, the Swedish investment company and Esselte's second-biggest shareholder, will succeed Mr Lindholm as chairman.

Mr Lindholm's abrupt departure is the latest twist in a power struggle within Esselte that began in February. That was when Mobilia joined Ratos and Gamlastaden, the main shareholder in Nobel Industries, in a SKr9.9bn leveraged buy-out bid for Esselte.

Esselte's board rejected the bid and instead backed a reorganisation plan produced by its own management. In May, however, Esselte's then-chairman, Mr Curt Olsson, and four other directors resigned after a coup by the main shareholders. Mr Lindholm of Mobilia then became chairman.

Esselte said yesterday its third-quarter results had been "much weaker than expected" and the weak market position would continue for the rest of the year.

The board admitted the profits per share for 1990 would now be lower than the SKr7-9 it predicted in August. Earlier in the year, Esselte had forecast increased profits per share of between SKr15 and SKr18.

Bayer plunges 32% to DM740m

By Andrew Fisher in Frankfurt

BAYER, the West German chemicals group, followed its two big domestic rivals yesterday with news of a sharp slide in third-quarter profits as a result of the strong D-Mark, higher raw material costs, and low selling prices.

Group pre-tax profits were 32 per cent lower at DM740m ($495m), with a 17 per cent drop to DM2.75bn in the whole of the first nine months. Turnover in the January-September period was down 4 per cent to DM31.5bn.

Mr Hermann Strenger, chief executive, said that adverse currency shifts had cost Bayer some DM120m in profit and DM1.9bn in sales in the first nine months.

Without the impact of the high D-Mark, total group turnover would have been more than DM500m higher.

Warning that 1991 would not be easy, he referred to "signs of economic fatigue" which had first appeared in the US and Britain and were now evident in Spain, Italy, France, and Scandinavia. Volume demand was also easing, although Bayer had experienced a 2 per cent rise in volume in the nine-month period on the high level of last year.

As well as over-capacity, which was pushing prices down heavily in some sectors, Mr Strenger said Bayer now had to live with big price increases for oil and petrochemical products. They ranged from 20 per cent for propylene to 40 per cent for ethylene and 100 per cent for naphtha.

Based on prices in the fourth quarter, the Bayer AG parent company – operating the German chemical plants – would have to pay more than DM400m extra for raw materials in 1991.

Bayer's results follow the announcement of a 37 per cent fall in third-quarter profits at Hoechst and 42 per cent at BASF.

Mr Strenger said Bayer's result for the full year would lie between DM3.2bn and DM3.8bn, after an 8.5 per cent rise to DM4.1bn in 1989.

● Roussel-Uclaf, the French chemical and pharmaceuticals subsidiary of Hoechst, reported a 2.5 per cent increase in net nine-month consolidated profit to FFr401m ($80.2m).

The group said profit grew 33 per cent if exceptional items and structural changes were separated.

Consolidated revenue was up 12 per cent to FFr9.5bn from FFr8.5bn.

INTERNATIONAL COMPANIES AND FINANCE

Guinness Mahon to halve dividend as losses top £7m

By David Lascelles in London

GUINNESS MAHON, the City of London merchant banking group acquired by the Bank of Yokohama last year, yesterday reported a loss of £3.6m ($7m) in its latest financial year and halved its dividend. A further £3.9m of extraordinary losses took the total loss to £7.5m.

Mr Geoffrey Bell, the chairman, said the results were "clearly disappointing" and he blamed a heavy round of provisions which the group had to make against bad debts, including Polly Peck International.

The result, covering the year to September 30, compared with a profit of £6.1m last year.

Mr Kenichi Ozawa, managing director of the Bank of Yokohama and deputy chairman of Guinness Mahon, said it was unfortunate that the newly-acquired bank had been hit by a recession so soon. However, the Bank of Yokohama had anticipated that it *would be vulnerable to the* business cycle.

"We're sure that, with its present management, Guinness Mahon will overcome this recession," he said.

The provisions made by Guinness Mahon amounted to £8m and related mainly to the UK property market, one of the bank's *areas of specialisations*. Specific provisions were also made against the UK local authority swaps market and Blackspur Leasing, a computer leasing group which went into receivership in July.

Guinness Mahon had a £5m treasury line out to Polly Peck, which went into administration last month. Guinness Mahon is the first bank to report provisions against Polly Peck, but Mr Bell declined to give details because of the uncertainty about recoveries. The bank's exposure arose from a decision taken after the Yokohama acquisition to expand business with large corporate names.

The banking losses were offset by a profit of almost £1m on asset management and £1.2m on securities trading. There was a further loss of £80,000 in other activities, *mainly property development* which has now been discontinued.

The extraordinary losses covered the closure costs of the market-making and property development businesses.

Despite the loss, the group made a transfer to inner reserves, but the final dividend was halved *to* 0.65p from 1.3p. Mr Bell said Guinness Mahon's capital position was strong.

Mr Ozawa said the Bank of Yokohama's aim in acquiring Guinness Mahon had been to provide clients with services in *the UK and this was being* achieved. More than 100 business transactions had been handled by the two banks.

The Bank of Yokohama's backing had also enabled Guinness Mahon to be a leading underwriter in the UK privatisations of water, electricity and steel.

Mr Bell said the results had deliberately set out not to "varnish the figures." Steps had been taken to control costs: salaries had not been increased this year and staff levels were being reduced.

Despite the downturn, some parts of the group were still expanding, such as corporate *finance and asset management* which had created links with firms abroad. Management had been strengthened and he was confident that the group would remain an expanding force in investment banking.

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Carlsberg profits advance to DKr1.14bn

By Hilary Barnes *in Copenhagen*

CARLSBERG, the Danish brewing group, yesterday reported a small increase in pre-tax profits for the year to end-September from *DKr1.05bn ($184m)* to DKr1.14bn. The group said, however, that this year's appreciation of the Danish krone meant the results did not fully reflect the progress of its international operations.

Sales were up from DKr14.46bn to DKr14.68bn and net profits from DKr632m to DKr719m.

An unchanged 15 per cent dividend was proposed, but following a scrip issue last year, earnings per share increased from DKr53 to DKr66.

Some 72 per cent of the group's sales of the Carlsberg and Tuborg brand name beers *are made outside Denmark*. With the exception of the Union Cervecera Brewery in Spain, all companies outside Denmark made positive progress, especially in Hong Kong, Ireland, Malawi, Malaysia and the Scandinavian countries, according to the preliminary statement.

Group employment continued to fall, declining from 14,141 in 1986-87 to 12,192 last year, *chiefly as a result of* slimming the labour force in the Danish operation, where the workforce declined from 4,700 in 1985 to 2,800 last year.

Japan's trust banks' earnings fall

By Our Financial Staff

JAPAN'S trust banks yesterday announced large declines in their first-half earnings and slashed their projections for the full year to reflect the effect of Japan's high interest rates and weak stock market on the industry.

The poor results had been expected, but they revealed the deepening impact of the Bank of Japan's tight monetary policy on the seven trust banks.

The Bank of Japan pushed market interest rates higher without relief throughout the first half, ultimately putting a new floor under them by raising its discount rate to 6 per cent from 5.25 per cent in late August. Consumer yields rose faster than loan rates as a result of the tightening, squeezing profits across the banking sector.

The trust banks also cited the sagging stock market as cutting into their revenue from equity offering-related business as a number of Japanese companies suspended offering new equity during the six-month period.

JAPANESE TRUST BANKS (Y bn)			
First half ended Sept 30	Pre-tax profit	Operating revenue	BIS ratio
Sumitomo	48.8	36.1	8.6
Mitsubishi	47.6	31.6	8.5
Mitsui	33.7	28.6	9.1
Yasuda	31.0	29.6	8.5
Toyo	22.9	24.1	9.1
Chuo	11.4	9.2	7.4
Nippon	4.5	-5.9	11.7

Operating revenues, equivalent to sales at a general corporation, also suffered declines ranging from 18.0 per cent to 47.7 per cent on a year-to-year basis, they said.

Despite the business downturn, however, most of the seven banks still managed to comply with capital adequacy standards set by the Bank for International Settlements.

The BIS rules require internationally active banks to have capital equivalent to 8 per cent of risk-weighted assets by March 1993.

Rising interest rates also slashed unconsolidated pre-tax profits at Japan's six leading consumer credit companies in the first half of the fiscal year, ended September 30, according to earnings reports which were released yesterday.

Orient, the largest of the six, suffered the first *drop* in pre-tax profits since it was listed in November 1974, citing the increased cost of fund-raising due to higher interest rates.

Pre-tax profits at Orient fell by 35.2 per cent from a year earlier to Y11.5bn ($90.5m).

Nippon Shinpan, another of the six, reported that its unconsolidated pre-tax profits plunged 52.8 per cent to Y6.21bn in the fiscal first-half ended September 30 compared with Y13.14bn the year before.

Net profits fell to Y3.5bn, a 31.9 per cent drop from Y5.15bn the year before. Per share net dropped to Y11.29 from Y16.89.

Higher interest burdens also pushed *down* pre-tax profits at other companies, which forced them to disburse more on interest rate payments.

For the full fiscal year ending on March 31, the six companies expect an average 40 per cent fall in pre-tax profits.

FN shares leap on prospect of rescue deal

***By Lucy Kellaway** in Brussels*

SHARES in Fabrique Nationale Herstal, the near-bankrupt Belgian arms maker, surged 11 per cent to BFr128 yesterday as the outlines of a possible rescue deal for the company became clearer.

Most of the company's shareholders have reached an agreement in principle that is expected to save the company from threatened bankruptcy. However, the deal is dependent on an offer for the bulk of FN's industrial interests from Groupement Industriel des Armements Terrestres (Giat), a French arms company.

Giat has until Friday to present a full offer to all parties at a meeting in Liège which is expected to bring the long, drawn out struggle to save FN to a successful conclusion.

La Générale, FN's richest and largest shareholder with 76 per cent of the company, has agreed to set up a fund to cover the considerable redundancy costs at the Liège plant, into which it will inject BFr4.1bn ($133m).

FN now employs about 5,000 people, about a third of whom are likely to be laid off as a result of the complex resue plan.

La Générale is also to write off a BFr1.5bn loan extended to FN last summer to prevent it from immediate bankruptcy. In addition, FN's shareholders have also agreed to grant a further BFr1.2bn to tide the company over until Giat takes it over at the beginning of next year.

The remaining problems concern an agreement between Giat and FN's workers, who are concerned at possible further job losses as a result of the deal. Giat was yesterday believed to have given them an assurance that Herstal would remain a focal point for making light arms.

If plans for a partial takeover fall through, the company will be forced into liquidation.

Aegon lifted by good domestic performance

By Ronald van de Krol in Amsterdam

AEGON, the Dutch insurer, said net profit rose 14.3 per cent to Fl 396.1m ($235.8m) in the first nine months of the year, boosted by a good performance from its domestic insurance operations.

Turnover rose to Fl 9.52bn in the nine-month period compared with Fl 9.1bn in the same months of 1989. Net profit per share was up 6.5 per cent at Fl 9.34, with the lower rate of increase compared with net profit *due to a rights issue in* 1989.

Aegon said overall net profit would have risen by 17.5 per cent and per-share net profit by 9.5 per cent if it had not been for adverse currency movements. The company, the Netherlands' second-largest insurer, described the results as "very satisfactory".

Last week, Nationale-Nederlanden, the biggest Dutch insurer, reported a 12.9 per cent decline in nine-month profits, while third-ranked Amev posted a 7.2 per cent increase. Aegon repeated earlier forecasts that it would see a substantial rise in full-year profit in 1990. Dutch insurance activities made a considerably higher contribution to earnings, the company said without *giving figures.*

Profits in the Netherlands from life, health and accident insurance were up significantly. Other Dutch non-life activities saw declining results but remained profitable. Turnover in the US rose sharply, but the increase was modest when translated into guilders.

Airbus appoints finance chief

AIRBUS Industrie, the European aircraft manufacturer yesterday ended a year-long search for a financial controller with the appointment of Mr Ian Massey, a British Aerospace executive.

The delay in finding a replacement for Mr Robert Smith, another BAe executive who resigned from the post last year, has thrown in doubt attempts to overhaul the Airbus consortium's management to put it on a more commercial footing.

Airbus said Mr Massey would have full access to infor*mation about production costs* at each of the consortium's four partners BAe, Deutsche Airbus, Aerospatiale in France and Casa the Spanish aerospace group. Mr Smith resigned because he became increasingly disenchanted with the powerlessness of the position.

Enimont holders name directors

SHAREHOLDERS of Enimont yesterday appointed a temporary *new board of directors, to* remain in effect until the company's 1990 results are approved by shareholders next spring, AP-DJ reports.

The directors' mandate is shorter than the usual three-year term to permit the appointment of permanent directors following last week's landmark decision to nationalise the chemical group.

The new board was appointed on the recommendation of ENI, the state energy group.

Statoil may establish investment portfolio

By Karen Fossli in Oslo

STATOIL, the Norwegian state oil company, is seeking permission from its owner to invest in businesses outside its petroleum activities, according to Mr Jan Erik Langangen, the board chairman.

The move may signal a step closer to forcing an official debate on the much-discussed question of *part-privatisation of the company.*

This would bring Statoil in line with Norsk Hydro, Norway's largest publicly-quoted company, in which the state holds a 51 per cent stake.

But part-privatisation may also hinge on changes being made by the Storting (Norway's parliament) to Statoil's articles of association.

Last week Norwegian analysts estimated the value of Statoil to be in the range of NKr100bn ($17.27bn) to NKr115bn.

Norsk Hydro is valued at NKr40bn and Saga Petroleum, Norway's biggest independent oil company, is put at NKr14bn.

The latter two are stock listed companies.

Before returning to office at the start of this month, the Labour party said that it was considering broadening Statoil's role by funneling the company's revenue into ailing Norwegian business and industry.

Mr Finn Kristiansen, the minister of petroleum and energy, sought a response from the company on the Labour proposal, which Statoil addressed at a board meeting last week.

Statoil would not be drawn on the details of how it would establish an investment portfolio.

However it said that investments would have to be made on a purely commercial basis, with scope for a reasonable commercial return, quelling fears by the opposition Conservative party that Statoil's role would turn into that of a rescue operation.

In Article I of the company's Articles of Association it is stipulated that the corporate purpose of Statoil is to carry out exploration, production, transportation, refining and marketing of petroleum and petroleum-derived products, as well as other activities which are "reasonably" related.

Singapore Land buys complex for S$201.7m

By Joyce Quek in Singapore

SINGAPORE LAND, the property giant, is making two acquisitions worth S$201.7m (US$118.7m) to gain control of the country's largest shopping complex and a first class hotel.

In return, the vendors will use the proceeds to subscribe for 100.88m new shares in Singland's parent, United Industrial Corporation (UIC), a diversified conglomerate.

At S$2 a share, the sellers, led by Finnegan Investments Limited (FIL), controlled by Indonesian tycoon Mr Liem Sioe Leong, will be paying a hefty premium against Friday's suspension price of S$1.32 and the S$1.35 paid to UIC chairman Mr Lee Kim Yew when he sold his UIC stake of 25.32m shares last week.

Mr Lee, brother of Singapore's long-serving premier, Mr Lee Kuan Yew, remains chairman. By acquiring 56m shares and S$17.48m worth of convertible unsecured loan stock in Marina Centre Holdings (MCH) at S$112m and S$17.48m respectively, Singland raises its 44.7 per cent stake to 68.3 per cent.

MCH owns the Marina Square shopping mall and an office development, as well as half of the Oriental Singapore, Pan Pacific and Marina Mandarin hotels.

Until this year, MCH has been in the red, which may explain the 11.7 per cent discount in the purchase price to its estimated net tangible asset value.

Finnegan will also sell 39.6m shares for S$47.5m and S$24.76m of convertible unsecured loan stock in Marina Bay Hotel a 17.6 per cent premium over the net tangible asset value. Marina Bay's main asset is the 21-storey Oriental Hotel.

The acquisitions are in line with Singland's long-term strategy of focusing on property development and investment activities in Singapore and are not expected to materially affect the net profits, earnings and asset values of UIC and Singland.

The purchase, to be financed by internal resources and bank borrowings, increases the worth of Singland, UIC's S$2.65bn prize in the region's biggest takeover bid.

The combined group's property portfolio includes 3m sq ft of the choicest office space in the city and business district, including the John Portman-designed Gateway office blocks, the upmarket Arcadia apartments and holdings in hotels in Thailand, China and the US.

Times Publishing rises to S$45.5m

By Joyce Quek

TIMES Publishing, the Singapore-based diversified publisher and printer, announced better year-end results but warned it might not sustain its performance because of the economic downturn in industrialised nations caused by the Gulf crisis.

Pre-tax profits rose from S$37.2m to S$45.4m (US$26.63m) on turnover which rose to S$618.7m for the year to August 31 from S$562.3m. The group was boosted by a jump in investment income of 32 per cent to S$16.3m, and lower interest charges.

Times has significant overseas income from its operations in the Asia, Australia, Europe and the US. Times Ringier, a Hong Kong joint venture, helped by becoming profitable.

Earnings per share improved from 19.3 cents to 23 cents in 1990 while net tangible asset backing gained 19 cents to S$3.50.

However, without the previous year's S$93.9m windfall from the sale of shares in investments and subsidiaries, extraordinary profits were S$595,000, plunging attributable profits 75.6 per cent to S$28.6m.

A higher dividend of 6 cents a share, totalling 10 cents for the year, will be paid.

Philips in US joint car equipment venture

By Ronald van de Krol in Amsterdam

PHILIPS, the Dutch electronics group, and Acustar, a car-components producer owned by Chrysler of the US, are to set up a joint venture to sell radios, sound systems and other forms of in-car entertainment to car manufacturers worldwide.

The venture, to be called Philips and Acustar Autoelectronics, will be 51 per cent owned by Philips' German-based subsidiary, Philips Car Stereo International.

The new company will design and sell car electronic products such as radios and tape decks. It will also develop other car electronics such as video equipment, vehicle navigation systems and trip computers.

The deal gives Philips access to the US vehicle market for the first time. Acustar, on the other hand, hopes to increase its global presence through Philips' experience in Europe.

The new company – which was announced in February – is Philips' third international joint venture in car electronics. Last year, it set up ventures with Nam Sung of South Korea and Gold Peak of Hong Kong.

Philips, with manufacturing plants in Germany, France, the Netherlands and Singapore, sells more than 3.5m car radios each year. Acustar produces more than 1.8m car radios per year at its factory in Huntsville, Alabama.

Boise earnings hit by softening paper market

By Martin Dickson in New York

BOISE Cascade, the large US paper and pulp group, yesterday announced that it expected fourth-quarter earnings to drop to "close to breakeven," due partly to weak markets, higher interest bills and expansion costs.

Boise has been going through a costly expansion and modernisation programme in recent years but has been hit hard by the softening of the paper market, leading to periodic rumours that a bid might be launched for the company.

Its third-quarter net income dropped 78 per cent to $13.9m, from $62.8m, and in the fourth quarter of last year it made $51.3m.

The company said weakening market conditions for coated white papers, market pulp and corrugated containers and continued costs involved in the expansion and modernisation of the company's pulp and paper mills in Rumford, Maine, and International Falls, Minnesota, contributed to this year's expected fourth-quarter results.

Boise said the performance of its office products business should be relatively unchanged from the third quarter.

Unicorp Canada runs into delays over restructuring

By Robert Gibbens in Montreal

THE restructuring of Unicorp Canada, a management company built by financier Mr George Mann, has run into serious delay. The changes are being managed by the Edper group, owned by the Peter and Edward Bronfman interests of Toronto.

Edper and Unicorp Canada had proposed retaining the latter's 60 per cent holding in Union Energy, an integrated energy company, and selling the non-energy interests.

The non-energy assets are grouped in 73 per cent-owned Unicorp American, of New York, and include control of the profitable Lincoln Savings Bank of New York.

Unicorp Canada was to be recapitalised, said Mr James Leech, president, after which Edper could take control.

Unicorp Canada has not been able to sell Lincoln Savings nor, alternatively, distribute its Unicorp American shares to its own stockholders because of Canada-US legal problems, he said.

Unicorp Canada will try to sell the Unicorp American shares through an investment banker over the next 60 days.

American retailers prepare for a gloomy Christmas

Across the country, shoppers are cutting back on their seasonal shopping lists, writes Barbara Durr

THE US Christmas shopping season has begun, but, with the possibility of a war in the Gulf and a recession looming, American retailers are hardly brimming with holiday cheer.

Chicago-based Sears, the largest US retailer, is braced for a tough season. It went into the fourth quarter with "very prudent" inventories, says Mr Jerry Buldak, company spokesman.

Its precaution over inventories reflects a national trend as retailers anticipate reduced consumer spending.

Christmas usually accounts for some 30 per cent of sales, but up to 50 per cent of profits for retailers. Retailers, however, are so glum about this Christmas they have ordered less gift wrapping paper than at any time in the past nine years, according to Mr Peter Appert, a retail analyst at C.J. Lawrence, Morgan Grenfell in New York.

Consumer confidence has dropped about 30 per cent in the past few months as fears about recession and higher inflation took hold.

A recent report from the First National Bank of Chicago, entitled Saddam Hussein: The Grinch Who Stole Christmas, says, "The inflationary consequences of higher oil prices, coupled with slower income growth, will squeeze Christmas spending in the fourth quarter."

In turn, the dearth of Christmas consumer spending will definitely send the economy into decline, according to First Chicago economist Mr Kemble Stokes.

With domestic consumption accounting for two-thirds of the US GNP, the Federal Reserve is watching the start of retailing's biggest season closely and could decide to ease interest rates once more before Christmas if demand is badly sagging, says Mr David Hale, chief economist at Kemper Financial Services in Chicago.

Mr Buldak says Sears expects general merchandise sales for the industry as a whole to rise only 3.5 per cent in the fourth quarter, compared with an increase of 4.2 per cent in same corresponding last year.

The first trick for retailers in this less-than-jolly season is to lure the customer into the store. Sears and Minneapolis-based Dayton Hudson, one of the top five retailers in the US, have devised gimmicks to attract customers.

Shoppers are expected to hunt carefully for bargains

They both offered a special game with plush prizes – including foreign travel packages and big shopping bonuses – for customers who arrived early at their stores last Friday, officially the first day of the Christmas shopping season.

In a pre-emptive holiday season strike in September, Sears launched a television advertising campaign emphasising its charge card, which is held by 45m people. Card customers who accumulate purchases beyond $200 are given 1 per cent rebates. This offer is being pushed harder in its Christmas TV advertising campaign.

Sears has been plagued by troubles in its retailing division this year. The difficulties stem partly from its dependence on high price durable goods, for which sales have been down.

"Christmas could be awful for Sears, because they are already skating so close to the edge," says Prof Shumeet Banerji at University of Chicago's Graduate School of Business.

Discounting is expected to be widespread, but with less robust sales growth, such a strategy threatens retailers profits.

Montgomery Ward, another major Chicago-based retail chain, says it expects this year "to be heavily promotional". Its plans include promotional events lasting one or two days and in-store special discounts on unadvertised merchandise. In addition, it has teamed up with Mastercard to offer discount coupons for extras savings on brand name goods.

Mr Stephen Watson, president of Dayton Hudson, says the company will lower prices selectively, but it does not anticipate having to discount more than last year. In 1989, a retailing battle was waged with discounting because debt-burdened companies such as Federated, now in voluntary Chapter 11 bankruptcy, urgently needed to raise cash flows.

For the consumer with some money to spend, this will be a very happy Christmas, according to Mr Joel Whalen, who teaches marketing at DePaul University in Chicago.

He expects discounts of 20 per cent or more, but he warns these will hurt many retailers. "Retailers are bleeding on one end with discounting and bleeding from the other with debt service," Mr Whalen said.

Other retail industry analysts believe a shake-up could come in the new year. Sears has already announced a plan to reduce non-sales staff in its retail division early in 1991.

Dayton Hudson's Mr Watson says he has not yet seen evidence of a disaster brewing for this Christmas. Measuring November sales so far, "it's not for slitting your wrists," he said. But that assessment hardly rings with optimism.

Dayton Hudson, which has performed better than many of its competitors this year, says it sees consumers buying the traditional products such as dress shirts and ties for men, bathrobes and nighties. Frivolous buys are out this year.

But in its up-market department store chains, including Marshall Field in the Chicago area, Dayton Hudson hopes to spur bigger spending in the 300,000 visitors to the company's lush, hand-crafted animated exhibits of fairy tales and Christmas scenes in store auditoriums and windows. Shoppers are, however, expected to bargain hunt this year and it may take more than a few fairy tales to detach them from reality.

INTERNATIONAL COMPANIES AND FINANCE

CSR warns after 12% fall midway

By Kevin Brown in Sydney

CSR, the Australian building materials, sugar and aluminium group, yesterday *announced a 12 per cent cut in* interim net profits to A$205.6m (US$160m), and warned that full-year profits will fall further unless markets improve strongly in the second half.

Mr Ian Burgess, managing director, said the interim result was "satisfactory" in the light of a 15 per cent fall in construction activity in Australia compared with the equivalent period of last year.

Mr Burgess said the outlook was "considerably more uncertain" in both Australia and the US, where CSR has significant interests.

Full-year profits would fall by more than 12 per cent unless the building and construction markets were relatively strong in both February and March next year.

The interim dividend was maintained at 16 cents, fully franked. However, Mr Burgess said it was "unlikely" that the full-year dividend would be maintained at last year's level of 40 cents.

CSR said cost cutting and productivity improvements in Australia and the US would strengthen the company's competitive position. The company has opened several low-cost building materials plants in Australia recently, and has previously announced plans to make 2,000 staff redundant by the end of the financial year, saving around A$60m in a full year.

"The company is lean, strong and efficient, and well placed to manage the difficult trading conditions expected over the next one to two years," the directors said.

CSR declared a pre-tax profit of A$56.7m on the sale of its 50 per cent interest in Austral Brick to Brickworks for A$141m, reduced to A$36.5m after tax. The group said it made a loss of A$34.4m on the sale of its 49 per cent stake in Redland Plasterboard of the UK to Redland and Lafarge Coppée of France for £55m.

The Redland stake was sold after CSR decided to withdraw from the European plasterboard market following a price war between French, German and UK manufacturers which wiped out Redland's profits.

CSR closed nine cents lower on the Australian Stock Exchange at A$4.65.

● Pioneer International will return to profitability this year following losses caused by the sale of most of its mining interests, Sir Tristan Antico, chairman, told the annual meeting yesterday.

Pioneer made an operating profit of A$369.6m last year, but reported its worst net loss of A$107.6m after abnormal and extraordinary losses, including A$191.8m on the disposal of mining interests.

Sir Tristan faced criticism from some shareholders over the fall in profits and a failed investment in Giant Resources, which cost around A$400m in lost equity and potentially bad loans.

He said the board had been "grossly optimistic" about the Giant Resources investment. However, there should be no further losses from the sale of the group's remaining minerals interests.

Sir Tristan said Pioneer had experienced "a pretty tough year", but the core building products division was better placed than CSR and Boral, its main Australian competitors, because of its greater involvement in the growing European market and smaller exposure to the US.

Chairman of Goodman Fielder faces re-election

By Kevin Brown

SHAREHOLDERS in Goodman Fielder Wattie, the troubled Australasian food group, yesterday showed their disquiet over poor results by blocking a proposed executive share option scheme and forcing a poll on the re-election of Mr Pat Goodman as chairman.

GFW reported a net loss of A$85.6m (US$66.8m) after abnormal and extraordinary items last year, largely caused by provisions of A$202m against investments in non-core activities. The company is refocusing on its food operations under Mr Michael Nugent, who was appointed chief executive earlier this year and has forecast improved profits for the current year.

Mr Goodman told the annual meeting that the 1989-90 losses were "a lot of money, and you have a right to be concerned about how this happened". The board had recognised that it had to take tough decisions," and in doing so has performed the necessary surgery to enable the company to grow and prosper," he said.

Mr Nugent said costs were being cut through the rationalisation of many Australian businesses and the sale of surplus assets worth around A$100m, which would be used to reduce debt.

Mr Nugent said there would be no further investments outside the group's core areas. "We will not jeopardise the financial position of the company," he said.

However, shareholders were critical of the company's investment in Barcora, the vehicle for an executive share scheme, which is owned 49 per cent by GFW and 51 per cent by a trust controlled by GFW executives. GFW wrote off A$81m last year against its investment in Barcora, which owns 9.8 per cent of GFW.

The annual meeting was told Barcora is to be wound up and the benefits of the trust transferred to GFW. Shareholders opposed a fresh executive share option scheme which would have given Mr Nugent 7m share options and the heads of the Australian and New Zealand businesses 2m each.

Some shareholders called for the resignation of Mr Goodman, whose family founded the company more than 100 years ago. The result of the poll will be known today. Institutional support is expected to ensure the re-election of Mr Goodman.

RJI may go for growth instead of pay-outs

By Terry Hall in Wellington

SHAREHOLDERS in Robt Jones Investments are being asked to forgo dividends in the interests of building a stronger more dynamic company.

This strategy follows a prolonged period of falling share prices for RJI, New Zealand's *leading property group which* has interests in Australia, the UK, Canada and the US.

In the interim report released yesterday, the chairman, Sir Robert Jones, describes the halving of the share price this year as "patently absurd for a top end of the market, pure property investment company."

He points out that similar policies, to reinvest dividends and capital – which would otherwise incur tax – to help a company grow, have been used by American companies.

Last month RJI announced it would be paying an interim dividend of 5 cents, although Sir Robert said then that this would be subject to a shareholders' meeting. He also advised shareholders that a programme to restore the *share price* would be announced with the full interim report.

The report exhaustively explains the reasons for the proposed change.

However, it emphasises that shareholders can vote to keep the dividend at a special meeting on December 14, and emphasises that Sir Robert, who owns 25 per cent of the company's shares, and other directors will not vote on the motion.

Sir Robert says in the report that if shareholders agree to the directors' recommendation they will be confirming the objective of the company which was "to make money for shareholders through permanent property investments to achieve rapid multiplication of the share values".

Sir Robert says that the "punitive pricing" of his shares is due to RJI being "double whammied" by negative market sentiments towards property and the share market.

He said the company and its advisers ruled out selling the company or privatising it, or selling assets and channelling the funds through an employee unit trust to reduce the number of shares on issue. But they agreed there was a case for ceasing further issues of shares, particularly through the popular bonus shares in lieu of dividend schemes.

After study, it was agreed to adopt a nil dividend wealth accumulation policy. "For, despite initial falls arising from a change in dividend policy, such nil dividend companies quickly recover and increasingly outperform the market."

This would turn RJI from being solely asset orientated, rather than income driven, to operate exactly like a growth property fund.

The report confirms that the company showed a 17 per cent lift in after-tax profits to NZ$23.5m (US$14.4m) in the six months to September 30. This was on a 3 per cent fall in total income of NZ$753m which, Sir Robert says, reflects the company's heightened management performance.

Air New Zealand passes dividend after interim loss

By Terry Hall

AIR NEW ZEALAND, the privatised former state airline controlled by Brierley Investments, yesterday reported a half-year trading loss of NZ$7.3m (US$4.47m) and a net loss of NZ$26.7m after the sale of an aircraft and redundancy payments. The airline is also passing its interim dividend.

Mr Bob Matthew, chairman, and Mr Jim Scott, chief executive, said in Auckland yesterday the result was not as disappointing as they had anticipated. They said restructuring should also put Air New Zealand in a more competitive position in tougher markets, both domestically and internationally.

The sale of a Boeing 737 produced NZ$18m, putting the airline in the black before extraordinary items of just under NZ$38m, mostly for 850 redundancies.

Further one-off extraordinary costs arising from restructuring Air New Zealand into six business units should not exceed NZ$20m.

"The overall reduction in operating costs which will have been achieved by the end of 1990 is estimated to be about NZ$60m to NZ$80m annually," Mr Matthew said.

Sales for the six months to September, traditionally the quieter half-year for the airline, were up from NZ$886m to NZ$940m, but the bottom line has fallen from NZ$19m for the previous September half-year and NZ$101m for the March 1990 year.

Net tangible asset backing, 229 cents a share in September 1989, rose to 267.3 cents in March and is back at 245.5 cents.

Mr Matthew said the fleet, with an average age of five years, helped the group compete against carriers with older and less fuel-efficient aircraft. However, he forecast a final result that would be break-even, at best.

Wilson Neill declines by 53% after tax to NZ$6m

By Terry Hall

WILSON NEILL, the New Zealand fishing and liquor group, yesterday reported a 53 per cent cut in tax-paid profit to NZ$6.18m (US$3.79m) for the six months to September 30, but expects a second-half boost from Australian and US income.

The directors said the latest interim result falls short of expectations, although the corresponding period's profit of NZ$13.3m included a significant contribution from the property division which had since been sold.

The most significant factors were higher-than-expected interest costs and the delay in completing the takeover of Cascade Group in Tasmania, seasonal lower performance in the Australian liquor business and lower prices for some fish species in the first quarter.

The directors expect a higher profit in the second half with full consolidation of Cascade, the start of contributions from the jointly owned Australian Pub Co, and the receipt of funds from a US property sale which will be used to retire debt.

They said they aimed to maintain an annual dividend of at least 5 cents a share.

Turnover in the latest six months fell to NZ$164m from NZ$236.67m and pre-tax profit was NZ$9m against NZ$20.2m.

Minority interests took NZ$1.6m against NZ$2m and equity accounted losses were NZ$185,000 against gains of NZ$306,000.

Shareholders' funds fell to NZ$171m from NZ$183m. While term liabilities dropped to NZ$114.1m from NZ$198.1m, current liabilities rose to NZ$111.3m from NZ$88.6m.

Argus Holdings up 3.7%

By Philip Gawith in Johannesburg

ARGUS HOLDINGS, the printing, publishing and entertainment group, lifted both turnover and profit in the six months to the end of September despite a decline in profits from its newspaper interests.

Turnover rose by 12.6 per cent to R816.2m ($323m) from R725.1m. Trading income, before interest, improved 3.7 per cent to R58.96m from R56.87m and attributable earnings rose by 3.5 per cent to R28.2m from R27.2m.

The group has also announced that it is proposing a 20-for-one share split. Market speculation is that, apart from enhancing tradeability, this may presage an employee share scheme.

Argus newspapers, which includes the country's two *largest circulating dailies,* The Sowetan and The Star, experienced difficult trading conditions. Advertising volumes *were lower, but some publica*tions achieved circulation increases. Contribution to group pre-tax profits fell by 8.4 per cent.

CNA Gallo, whose interests include control of the country's leading news agency chain and activities in the *music industry,* achieved a 19 per cent increase in earnings per share. This was the result of turnover growth coupled with maintained margins and cost control.

CTP Holdings' community newspapers also suffered from lower advertising revenue, but improved operating efficiencies resulted in increased profits from printing activities. Earnings per share rose by 16.2 per cent.

The directors anticipate lower profits from print advertising-based businesses, due to continued recessionary conditions, but believe investments in general printing, retail, entertainment and electronic media should perform positively.

Earnings per share, excluding retained earnings of associates, were 4.5 per cent lower at 1,006 cents, down from 1,053 cents, while *the dividend* was maintained at 275 cents.

Operating profit at MAS falls by 43%

MALAYSIAN Airlines System, the state-owned flagship air carrier, boosted interim pre-tax profit by 136 per cent. But excluding gains from the sale of 10 aircraft, operating profit fell by 43 per cent, AP-DJ reports from Kuala Lumpur.

For the six months ended September 30, MAS reported pre-tax profit of M$196.19m (US$72.9m), including M$160.5m from the aircraft sales, compared with the previous interim period's M$83.26m. Subtracting the gains from the sales, operating profit for the most recent financial period was M$35.69m.

Two weeks ago, MAS said *losses from domestic* operations could be as high as M$80m.

MAS included M$47.7m in gains from the sale of aircraft in its pre-tax profit for the last full financial year, but didn't specify in its announcement how much of last year's gains were recorded *in the first half* ended September 1989.

هكذا من الاصل

INTERNATIONAL CAPITAL MARKETS

Treasuries make modest gains after Gulf chill

By Patrick Harverson in New York and Deborah Hargreaves in London

BOND prices recovered well in steady afternoon trading yesterday to end with modest gains after an unexpected intensification in the war of words over the Gulf crisis had earlier sent a chill through the market.

At the close the benchmark 30-year Treasury issue was ⅛ higher at 103⅜, yielding 8.420 per cent. At the short end prices were relatively undisturbed, with the two-year bond ending at 100⅝, to yield 7.514 per cent.

The initial fall in the market had been due to President Bush's asking the UN to approve a resolution sanctioning military action if Iraq is not out of Kuwait by January 1 1991.

This apparent ultimatum, President Saddam Hussein's response to it – he said Iraq would attack Saudi Arabia and other pro-US Gulf states if American troops moved into Kuwait – and the subsequent rise in oil prices unsettled everyone. The long bond fell as dealers sold to reduce the size of long positions built up before the Thanksgiving weekend.

However, the declines

GOVERNMENT BONDS

attracted buyers to the market and bond values began to recover as the oil price backed off from its morning highs. There was also a reassessment of the implications of the deadline for Iraqi withdrawal with the Bush administration officials implying that the January 1 deadline was flexible.

After a two-day absence the Federal Reserve was in the market again, arranging three-day system repurchase agreements. The Fed intervened when Fed funds were trading at 7¼ per cent. By the close Fed funds had firmed slightly to 7⁵⁄₁₆.

■THE UK market for gilt-edged securities surged ahead yesterday, adding almost a full point to prices for long-dated bonds. Gilts continue to be buoyed by politics with investors confident that the next leader of the Conservative party will be more likely to defeat Labour at the next election.

On top of the political premium, the market is still supported by fears of changes in the rules to stock lending which have sent the lenders scrambling to buy gilts.

Prices have been led by activity in the futures market and dealers do not report much retail buying. The cash market has moved up so quickly that it has been difficult for individual investors to cash in on the rally.

A long benchmark bond which matures in 2003/07 rose by a full point to 105¹¹⁄₃₂ to offer a yield of 10.86 per cent.

In addition, the issue which is used as a benchmark by UK companies – gilts with a 9 per cent coupon maturing in 2008 – saw its yield drop below 10.5 per cent.

Dealers believe there could be some consolidation after the leadership election today. Most of the political and economic news is already factored into current prices, they say.

■IN GERMANY, bond prices drifted back after a strong opening when dealers bought bonds after the long weekend.

But there was little follow-through from buyers and the rise in oil prices put pressure on bunds.

From a high of 83.42, bund futures dropped to 82.98 at the low point, but staged some recovery from this level later in the day. Towards the close, prices were at 83.12.

Cash market prices were fixed lower after a healthy opening level. The price of the 9 per cent 10-year bond was at 101.13 with a yield of 8.83 per cent after 101.31 on Friday with a yield of 8.8 per cent.

■PRICES were buoyed in the Japanese market in advance of today's auction and on the back of the 0.2 per cent cut in the long-term prime rate to 8.1 per cent. Bond investors are trying to convince themselves that official interest rates are now unlikely to go higher.

In Tokyo, the yield on the key 119 bond fell as low as 7.29 per cent, but higher oil prices and further news about the Gulf pushed the yield higher to 7.38 per cent in London trading.

The Japanese government's auction today is likely to produce a bond with a 6.9 per cent coupon in an issue of about Y600bn to Y700bn of bonds.

■THE BELGIAN market is expected to tread water this week before the government goes ahead with its regular auction of bonds on Thursday.

The auction is likely to produce a bond with a 10 per cent coupon in a smaller issue than usual since the government's funding requirements for the year have almost been met.

The partnership struck between labour unions and employers last week to limit wage rises in this year's bargaining round to ¾ of a percentage point above the rate of inflation cheered the market last week and boosted the confidence of international and domestic investors. But at an expected rate of 4.2 per cent this year, inflation is looking higher than had been forecast.

The benchmark 10-year issue which carries a 10 per cent coupon is currently yielding 9.97 per cent. The Financial Times today adds Belgian bond prices to its table of government bonds.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	09/92	103-28	+4/32	11.08	11.35	11.73
		9.000	03/00	89-27	+19/32	10.75	11.20	11.40
		9.000	10/08	89-05	+26/32	10.48	10.85	10.94
US TREASURY *		8.500	11/00	101-16	3/32	8.27	8.35	8.64
		8.750	08/20	103-15	6/32	8.42	8.48	8.78
JAPAN	No 119	4.800	6/99	86.1817	+0.247	7.44	7.65	7.92
	No 129	6.400	03/00	95.9124	+0.348	7.13	7.32	7.61
GERMANY		9.000	10/00	101.2000	+0.000	8.81	8.89	8.97
FRANCE	BTAN	9.000	11/95	95.7157	-0.097	10.13	10.20	10.19
	OAT	8.500	03/00	90.8700	-0.240	10.07	10.22	10.28
CANADA *		10.500	03/01	100.050	0.050	10.48	10.52	11.08
NETHERLANDS		9.250	11/00	101.1800	-0.130	9.07	9.14	9.19
AUSTRALIA		13.000	07/00	103.8500	-0.631	12.30	12.50	13.41
BELGIUM		10.000	08/00	100.0500	-0.150	9.74	9.72	9.80

London closing, *denotes New York closing
Yields: Local market standard
Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.
Closing prices on November 26

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield	OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABBEY NATIONAL 8 7/8 93	150	100⅝	100⅞		8.65	COUNCIL EUROPE 7 94 LFr	600	91⅞	92⅝		10.14
ALBERTA PROVINCE 9 3/8 95	600	102⅛	102⅞	-⅛	8.72	KREDIETBANK 7 93 LFr	1000	93	94		10.06
AUSTRIA 8 1/2 00	400	96⅛	96⅝	-⅛	9.11	WORLD BANK 8 96 LFr	1000	92⅛	93⅛		9.90
BANK OF TOKYO 8 3/8 96	100	96⅛	97⅛	-⅛	9.18	AMRO BANK 6 1/4 92 Fl	150	94⅝	95⅝		9.76
BELGIUM 9 1/8 92	400	101⅝	101⅞		8.24	RABOBANK 5 3/4 93 Fl	150	92⅛	93		9.70
BFCE 7 3/4 97	150	94⅝	95⅛	-⅛	8.83	ALBERTA PROVINCE 10 92 C$	500	97⅞	98⅛	-⅛	11.41
BNP 8 5/8 94	300	100⅝	100⅞		8.52	BCE INC 9 5/8 93 C$	300	95⅝	96⅛	-⅛	11.67
BP CAPITAL 9 5/8 93	150	101⅝	102⅛		8.60	BELL CANADA 10 5/8 99 C$	150	94⅛	94⅝	-⅛	11.67
CANADA 9 96	1000	102⅛	102⅝	-⅛	8.47	BRITISH COLUMBIA 9 1/4 93 C$	150	95⅛	96⅛	-⅛	11.50
[illegible]						[illegible]					

DEUTSCHE MARK STRAIGHTS [illegible]

FLOATING RATE NOTES [illegible]

SWISS FRANC STRAIGHTS [illegible]

CONVERTIBLE BONDS [illegible]

YEN STRAIGHTS [illegible]

[illegible]

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FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday November 26, 1990. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

COUNTRY	£ STG	US $	D-MARK	YEN (X 100)
Afghanistan (Afghani)	99.25	50.496	33.8448	39.2292
Albania (Lek)	10.0974	5.1373	3.4432	3.991
Algeria (Dinar)	18.6936	9.5108	6.3746	7.3887
Andorra (Fr Fr)	9.8850	5.0292	3.3708	3.9071
(Sp Peseta)	185.45	94.3525	63.2395	73.3003
Angola (Kwanza)	59.0155	30.0256	20.1246	23.3262
Antigua (E Carr $)	5.3123	2.7027	1.8115	2.0997
Argentina (Austral)	10230.4	5204.99	3488.63	4043.64
Aruba (Florin)	3.5218	1.7918	1.2009	1.392
Australia (Aus $)	2.5685	1.3067	0.8758	1.0152
Austria (Schilling)	20.62	10.4909	7.0315	8.1501
Azores (Port Escudo)	257.60	131.061	87.8431	101.818
Bahamas (Bahama $)	1.9655	1	0.6702	0.7768
Bahrain (Dinar)	0.7404	0.3766	0.2524	0.2926
Balearic Is (Sp Peseta)	185.45	94.3525	63.2395	73.3003
Bangladesh (Taka)	68.50	34.8511	23.3589	27.075
Barbados (Barb $)	3.9572u	2.0113	1.3494	1.5641
Belgium (Belg Fr)	60.65	30.8572	20.682	23.9723
Belize (B $)	3.9350	2.002	1.3418	1.5553
Benin (CFA Fr)	494.25	251.463	168.542	195.356
Bermuda (Bermudian $)	1.9655	1	0.6702	0.7768
Bhutan (Ngultrum)	35.40	18.0106	12.0716	13.992
Bolivia (Boliviano)	6.5518	3.3334	2.2342	2.5896
Botswana (Pula)	3.6130	1.8382	1.232	1.428
Brazil (Cruzeiro)	255.1725	129.826	87.0153	100.859
Brunei (Brunei $)	3.3588	1.7088	1.1453	1.3275
Bulgaria (Lev)	5.3665	2.7303	1.83	2.1211
Burkina Faso (CFA Fr)	494.25	251.463	168.542	195.356
Burma (Kyat)	11.578	5.8906	3.9481	4.5762
Burundi (Burundi Fr)	314.65	160.086	107.298	124.368
Cambodia (Riel)	904.13	460	308.314	357.364
Cameroon (CFA Fr)	494.25	251.463	168.542	195.356
Canada (Canadian $)	2.2800	1.16	0.7774	0.9011
Canary Is (Sp Peseta)	185.45	94.3525	63.2395	73.3003
Cp. Verde (CV Escudo)	129.3238	65.7968	44.1001	51.1161
Cayman Is (CI $)	1.6330	0.8308	0.5568	0.6454
Cent. Afr. Rep (CFA Fr)	494.25	251.463	168.542	195.356
Chad (CFA Fr)	494.25	251.463	168.542	195.356
Chile (Chilean Peso)	627.155	319.082	213.864	247.887
China (Renminbi Yuan)	10.2677	5.2239	3.5013	4.0583
Colombia (Col Peso)	1082.285	550.641	369.066	427.781
Comoros (CFA Fr)	494.25	251.463	168.542	195.356
Congo (Brazz) (CFA Fr)	494.25	251.463	168.542	195.356
Costa Rica (Colon)	201.67	102.605	68.7706	79.7114
Côte d'Ivoire (CFA Fr)	494.25	251.463	168.542	195.356
Cuba (Cuban Peso)	1.5671	0.7973	0.5343	0.6194
Cyprus (Cyprus £)	0.8350	0.4248	0.2847	0.33
Czechoslovakia (Koruna)	46.15c	23.48	15.7374	18.2411
	59.76t	30.4044	20.3785	23.6205
Denmark (Danish Kroner)	11.2275	5.7122	3.8286	4.4377
Djibouti Rep (Djib Fr)	348.00	177.054	118.67	137.549
Dominica (E Carrib $)	5.3123	2.7027	1.8115	2.0997
Dominican Rep (D Peso)	22.0360	11.2113	7.5144	8.7098
Ecuador (Sucre)	1714.355o	872.223	584.605	677.611
	1656.915a	842.999	565.018	654.907
Egypt (Egyptian £)	5.5800	2.8389	1.9028	2.2055
El Salvador (Colon)	12.4891	6.3541	4.2588	4.9364
Equat'l Guinea (CFA Fr)	494.25	251.463	168.542	195.356
Ethiopia (Ethiopian Birr)	4.0369	2.0538	1.3766	1.5956
Falkland Is (Falk £)	1.00	0.5087	0.341	0.3952
Faroe Is (Danish Kroner)	11.2275	5.7122	3.8286	4.4377
Fiji Is (Fiji $)	2.8150	1.4322	0.9599	1.1126
Finland (Markka)	7.0063	3.5646	2.3891	2.7692
France (Fr)	9.8850	5.0292	3.3708	3.9071
Fr. Cty/Africa (CFA Fr)	494.25	251.463	168.542	195.356
Fr. Guiana (Local Fr)	9.8850	5.0292	3.3708	3.9071
Fr. Pacific Is (CFP Fr)	179.00	91.0709	61.04	70.7509

COUNTRY	£ STG	US $	D-MARK	YEN (X 100)
Gabon (CFA Fr)	494.25	251.463	168.542	195.356
Gambia (Dalasi)	14.8763	7.5687	5.0729	5.8799
Germany (D-Mark)	2.9325	1.4919	1	1.159
Ghana (Cedi)	672.1085	341.953	229.193	265.656
Gibraltar (Gib £)	1.00	0.5087	0.341	0.3952
Greece (Drachma)	300.175	152.722	102.361	118.646
Greenland (Danish Krone)	11.2275	5.7122	3.8286	4.4377
Grenada (E Carr $)	5.3123	2.7027	1.8115	2.0997
Guadaloupe (Local Fr)	9.8850	5.0292	3.3708	3.9071
Guam (US $)	1.9655	1	0.6702	0.7768
Guatemala (Quetzal)	10.6164	5.4013	3.6202	4.1962
Guinea (Fr)	1219.85a	620.631	415.976	482.154
	590.25n	300.305	201.279	233.3
Guinea-Bissau (Peso)	1278.87	650.659	436.102	505.482
Guyana (Guyanese $)	87.70	44.6196	29.9062	34.664
Haiti (Gourde)	9.8375u	5	3.3546	3.8883
Honduras (Lempira)	11.5012	5.8515	3.9219	4.5459
Hong Kong (HK $)	15.3225	7.7957	5.225	6.0563
Hungary (Forint)	119.1752	60.6335	40.6394	47.1048
Iceland (Icelandic Krona)	107.13	54.5052	36.5319	42.3438
India (Indian Rupee)	35.40	18.0106	12.0716	13.992
Indonesia (Rupiah)	3699.09	1882.01	1261.41	1462.09
Iran (Rial)	125.00	63.597	42.6257	49.4071
Iraq (Iraqi Dinar)	0.6118	0.3112	0.2086	0.2418
Irish Rep (Punt)	1.0975	0.5583	0.3742	0.4337
Israel (Shekel)	3.9566	2.013	1.3492	1.5638
Italy (Lira)	2199.75	1119.18	750.128	869.466
Jamaica (Jamaican $)	15.2850	7.7766	5.2122	6.0415
Japan (Yen)	253.00	128.72	86.2745	100
Jordan (Jordanian Dinar)	1.2769	0.6496	0.4354	0.5047
Kenya (Kenya Shilling)	45.40	23.0984	15.4816	17.9446
Kiribati (Australian $)	2.5685	1.3067	0.8758	1.0152
Korea North (Won)	1.9085	0.9709	0.6508	0.7543
Korea South (Won)	1403.725	714.182	478.679	554.832
Kuwait‡ (Kuwaiti Dinar)				
Laos (New Kip)	1371.35	697.711	467.639	542.036
Lebanon (Lebanese £)	1368.20	696.108	466.564	540.791
Lesotho (Maloti)	4.9433	2.515	1.6856	1.9538
Liberia (Liberian $)	1.9655	1	0.6702	0.7768
Libya (Libyan Dinar)	0.5212	0.2651	0.1777	0.206
Liechenstein (Swiss Fr)	2.4900	1.2668	0.8491	0.9841
Luxembourg (Lux Fr)	60.65	30.8572	20.682	23.9723
Macao (Pataca)	15.8244	8.051	5.3962	6.2547
Madagascar (MG Fr)	2593.50	1319.51	884.399	1025.1
Madeira (Port Escudo)	257.60	131.061	87.8431	101.818
Malawi (Kwacha)	4.9950	2.5413	1.7033	1.9743
Malaysia (Ringgit)	5.2738	2.6831	1.7983	2.0845
Maldive Is (Rufiya)	18.7129	9.5206	6.3812	7.3964
Mali Rep (CFA Fr)	494.25	251.463	168.542	195.356
Malta (Maltese £)	0.5820	0.2961	0.1984	0.23
Martinique (Local Fr)	9.8850	5.0292	3.3708	3.9071
Mauritania (Ouguiya)	154.9603	78.8401	52.8423	61.2491
Mauritius (Maur Rupee)	27.35	13.915	9.3265	10.8102
Mexico (Mexican Peso)	5755.65a	2928.34	1962.71	2274.96
	5754.94d	2927.98	1962.47	2274.68
Miquelon (Local Fr)	9.8850	5.0292	3.3708	3.9071
Monaco (French Fr)	9.8850	5.0292	3.3708	3.9071
Mongolia (Tugrik)	6.6019	3.3588	2.2512	2.6094
Montserrat (E Carr $)	5.3123	2.7027	1.8115	2.0997
Morocco (Dirham)	15.9714	8.1258	5.4463	6.3128
Mozambique (Metical)	1906.28	969.87	650.053	753.47
Namibia (S A Rand)	4.9433	2.515	1.6856	1.9538
Nauru Is (Australian $)	2.5685	1.3067	0.8758	1.0152
Nepal (Nepalese Rupee)	58.8479	29.9404	20.0674	23.26
Netherlands (Guilder)	3.3075	1.6827	1.1278	1.3073
N'nd Antilles (A/Guilder)	3.5218	1.7918	1.2009	1.392
New Zealand (NZ $)	3.2115	1.6339	1.0951	1.2693
Nicaragua♠ (Cordoba)	3639875.0	1851882	1241219	1438686
Niger Rep (CFA Fr)	494.25	251.463	168.542	195.356
Nigeria (Naira)	16.3303	8.3084	5.5687	6.4546
Norway (Nor. Krone)	11.4300	5.8153	3.8976	4.5177
Oman (Rial Omani)	0.7581	0.3857	0.2585	0.2996

COUNTRY	£ STG	US $	D-MARK	YEN (X 100)
Pakistan (Pak. Rupee)	42.70	21.7247	14.5609	16.8774
Panama (Balboa)	1.9655	1	0.6702	0.7768
Papua New Guinea (Kina)	1.8652	0.9489	0.636	0.7372
Paraguay (Guarani)	2378.86	1210.31	811.205	940.261
Peru (Intl)	854703.6	434853	291459	337828
Philippines (Peso)	53.00	26.9651	18.0733	20.9486
Pitcairn Is (£ Sterling)	1.00	0.5087	0.341	0.3952
(NZ $)	3.2115	1.6339	1.0951	1.2693
Poland (Zloty)	18712.0	9520.22	6380.9	7396.05
Portugal (Escudo)	257.60	131.061	87.8431	101.818
Puerto Rico (US $)	1.9655	1	0.6702	0.7768
Qatar (Riyal)	7.1727	3.6493	2.4459	2.835
Reunion Is. de la (F/Fr)	9.8850	5.0292	3.3708	3.9071
Romania (Leu)	67.611	34.3983	23.0554	26.7233
Rwanda (Fr)	139.31	70.8776	47.5055	55.0632
St Christopher (E Carr $)	5.3123	2.7027	1.8115	2.0997
St Helena (£)	1.00	0.5087	0.341	0.3952
St Lucia (E Carr $)	5.3123	2.7027	1.8115	2.0997
St Pierre (French Fr)	9.8850	5.0292	3.3708	3.9071
St Vincent (E Carr $)	5.3123	2.7027	1.8115	2.0997
San Marino (Italian Lira)	2199.75	1119.18	750.128	869.466
Sao Tome (Dobra)	296.5023	150.853	101.109	117.195
Saudi Arabia (Riyal)	7.3885	3.759	2.5195	2.9203
Senegal (CFA Fr)	494.25	251.463	168.542	195.356
Seychelles (Rupee)	9.7200	4.9453	3.3145	3.8418
Sierra Leone (Leone)	333.10	169.473	113.589	131.66
Singapore ($)	3.3588	1.7088	1.1453	1.3275
Solomon Is ($)	5.0774	2.5832	1.7314	2.0068
Somali Rep (Shilling)	5154.85	2622.67	1757.83	2037.49
South Africa (Rand)	4.9433c	2.515	1.6856	1.9538
	6.6925g	3.4049	2.2821	2.6452
Spain (Peseta)	185.45	94.3525	63.2395	73.3003
Spanish Ports in N Africa (Sp Peseta)	185.45	94.3525	63.2395	73.3003
Sri Lanka (Rupee)	79.00	40.1933	26.9394	31.2252
Sudan Rep (£)	8.8538o	4.5046	3.0191	3.4995
	22.5279g	11.4616	7.6821	8.9043
Surinam (Guilder)	3.5120	1.7868	1.1976	1.3881
Swaziland (Lilangeni)	4.9433	2.515	1.6856	1.9538
Sweden (Krona)	10.9425	5.5672	3.7314	4.325
Switzerland (Fr)	2.4900	1.2668	0.8491	0.9841
Syria (£)	41.3175	21.0213	14.0895	16.331
Taiwan ($)	53.55	27.2449	18.2608	21.166
Tanzania (Shilling)	384.40	195.574	131.083	151.937
Thailand (Baht)	49.00	24.93	16.7092	19.3675
Togo Rep (CFA Fr)	494.25	251.463	168.542	195.356
Tonga Is (Pa Anga)	2.5685	1.3067	0.8758	1.0152
Trinidad/Tobago ($)	8.3619	4.2543	2.8514	3.305
Tunisia (Dinar)	1.6261	0.8273	0.5545	0.6427
Turkey (Lira)	5491.74	2794.07	1872.72	2170.65
Turks & Caicos (US $)	1.9655	1	0.6702	0.7768
Tuvalu (Australian $)	2.5685	1.3067	0.8758	1.0152
Uganda (New Shilling)	1001.123	509.348	341.389	395.701
U A E (Dirham)	7.2368	3.6819	2.4677	2.8603
United Kingdom (£)	1.00	0.5087	0.341	0.3952
United States (US $)	1.9655	1	0.6702	0.7768
Uruguay (Peso)	2889.89	1470.31	985.47	1142.25
USSR (Rouble)	1.0824	0.5506	0.3691	0.4278
Vanuatu (Vatu)	222.50	113.203	75.8738	87.9446
Vatican (Lira)	2199.75	1119.18	750.128	869.466
Venezuela (Bolivar)	98.6539	50.1927	33.6415	38.9936
Vietnam (Dong)	12493.62	6356.46	4260.4	4938.19
Virgin Is-British (US $)	1.9655	1	0.6702	0.7768
Virgin Is-US (US $)	1.9655	1	0.6702	0.7768
Western Samoa (Tala)	4.4423	2.2601	1.5148	1.7558
Yemen (Rial)	23.7084	12.0622	8.0847	9.3709
Yemen PDR (Dinar)	0.9070	0.4614	0.3092	0.3584
Yugoslavia (Dinar)	20.3874	10.3726	6.9522	8.0582
Zaire Rep (Zaire)	1543.0	785.042	526.172	609.881
Zambia (Kwacha)	84.60	43.0424	28.8491	33.4387
Zimbabwe ($)	5.0100	2.5489	1.7084	1.9802

Special Drawing Rights November 21 United Kingdom £0.737624 United States $1.45253 Germany D Mark NA Japan Yen186.577 European Currency Unit Rates November 26 United Kingdom £0.700223 United States $1.37769 Germany D Mark 2.05345 Japan Yen177.309

Abbreviations: (a) Free rate; (b) Banknote rate; (c) Commercial rate; (d) Controlled rate; (e) Essential imports; (g) Financial rate; (h) Exports; (i) Non commercial rate; (j) Business rate; (k) Buying rate; (l) Luxury goods; (m) Market rate; (n) Public transaction rate; (o) Official rate; (p) preferential rate; (q) convertible rate; (r) parallel rate; (s) Selling rate; (t) Tourist rate (u) Currencies fixed against the US Dollar;‡Kuwaiti Dinar unavailable. ♠Nicaragua, (20 November): Cordoba devalued by approx 7.6%. Some data supplied by Bank of America, Economics Department, London Trading Centre. Enquiries: 071 634 4360/5.
Monday November 26, 1990.

INTERNATIONAL CAPITAL MARKETS

Independent stock lending broker opens in London

By Stephen Fidler, Euromarkets Correspondent

AN INDEPENDENT international stock lending broker opened yesterday in London after receiving the go-ahead from the Securities Association.

London Global Securities is being established as an intermediary to bring together institutional investors who want to lend equity and share traders who want to borrow equity, for example to cover short positions or to follow atrading strategy againstthe futures or optionsmarket.

The company's founders are Mr Mike Hiard, formerly responsible for securities borrowing at Salomon Brothers in London, and Mr John DiRocco, formerly at Shearson Lehman. The rest of its staff of six are from Salomon and Shearson.

The aim is to establish a UK money broking subsidiary, withNew York and Tokyo operations within the next year.

The UK firm's international arm will have $10m capital, the UK broker $5m and the New York company $10m in capital.

The company is investigating whether its Tokyo subsidiary will need to be separately capitalised or can be established as part of its London operation.

The project's sole backer is Paloma Partners, a privately-owned US-based investment company.

Paloma, said to be owned by about 75 wealthy US families, concentrates its investments in financial companies. Stock lending is regarded as low risk, because stock is only lent with cash or other securities as collateral.

Mr Hiard and Mr DiRocco said yesterday that the new company hoped to benefit from its independence.

Most of their competitors were attached to securities houses. This, they said, reduced the willingness of competing securities houses to borrow stock.

London Global would act as a matched principal, which means that it borrows the stock from institutions and takes the collateral, rather than acting as an agent.

This would allow it to pursue its aim of ironing out the different ways of lending stock in the different markets so that it could further encourage lending from one market to another.

Seoul securities guidelines trigger hum of activity

John Ridding examines the reaction to the long-awaited opening of the local industry to foreigners

The Kyobo building in downtown Seoul, home to many of the city's foreign securities companies, has had an extra hum of activity over the past few days.

The representative offices located there, like the rest of the 24 foreign securities offices in Seoul, have been digesting long-awaited guidelines for the opening up of the local securities industry. Leaked on Friday and announced today, the guidelines lay down the terms and conditions under which they may conduct business in South Korea's financial markets.

Under the guidelines, foreign securities companies will be allowed to set up either branch offices or joint ventures in Korea. But to do so they must satisfy a string of criteria and conditions.

These have prompted a mixed reaction on the part of foreign securities companies. "We welcome the guidelines, because we want the industry opened," says the chief representative of one western securities company. "But some of the demands are onerous and will probably limit the number of takers."

Most criticism has been focused at the level of capital required to obtain the various licences. "The operating capital levels are very high, particularly at a difficult time for the international securities industry," says one foreign securities manager.

Mr Choi Buhm Soo, a fellow of the Korea Development Institute and a member of the team involved in drawing up the guidelines, argues that the level of capital is one of the means of ensuring that only committed, serious companies apply for licences.

But, as Mr Torquil McAlpine, chief representative of Schroders Securities in Seoul argues: "UK securities houses are generally less well capitalised than other international companies. The level of capital they can invest bears little relation to their commitment and contribution to the market."

Several important questions have also been omitted or left unclear. These include the number of staff which must be employed, the question of membership of the stock exchange and the related issue of brokerage commissions. "We are looking for some differential in commissions between representative offices and branch offices, or else there isn't much point in upgrading," says Mr McAlpine.

The number of licences to be awarded is also unclear. "It is not desirable to set numbers first and then formulate criteria," argues Mr Oum Bong Sung, counsellor to the minister of finance. Nonetheless, it is widely expected that between six and eight branches will be permitted, with perhaps two additional licences for joint ventures. They are expected to be evenly distributed between US, UK, continental European, Japanese and Hong Kong based companies.

Despite reservations and uncertainties, however, many of the foreign brokers say they will apply for licences. Most say they are interested in broking Korean equity to foreign and Korean institutional investors, while some express a desire to expand into domestic corporate finance and investment banking.

Few, however, express a desire to cover the whole range of securities businesses while, with the possible exception of Nomura – which has already booked four floors of a new office block – retail broking is not seen as an option.

The foreign stockbrokers see their advantage in terms of expertise and international networks. "On the broking front, some of the things we could offer would be analysis of international economic and business trends," says Mr Henry Morris, chief representative of Kleinwort Benson in Seoul. "Foreign brokers won't supplant Korean houses, but will certainly supplement them."

Expertise in underwriting, trading techniques, investment management and mergers and acquisitions are also seen as an important advantage.

Opinions are divided on which form of business licence is preferable. "We would rather have our own operation," says Mr John Wisniewski, chief representative of Merrill Lynch in Seoul. Like many of his counterparts, his central concern is management control. "In our business, markets change very quickly. A joint venture makes it difficult to respond quickly and to be an aggressively managed firm."

But for some there are advantages to a joint venture arrangement. "They may hold the keys to the kingdom if you get the right partner," argues Mr Morris. "They can bring capital, business and contacts."

The government's decision to exclude the 30 largest Korean companies from joint ventures does, however, reduce the attractiveness of potential partners. It scuppers the plans of at least one foreign company, which had been holding discussions with one of the 20 biggest Korean groups.

Whichever licences are awarded, however, few expect quick dividends. "This will not be an instantly profitable exercise," says one foreign broker. "Initial costs are very high. But, like Japan, once it becomes profitable it is likely to be very profitable."

The 25 domestic securities companies, however, are already nervous. "There is a great concern among existing brokers about the shrinking level of business," says Mr Ho C Yang, managing director of Dongsuh Securities, one of the three biggest securities companies in Korea. "Most are going to report losses this year because of the sharp fall in the stock market, and extra competition will further depress our business."

There are all sorts of doubts about the competitiveness of the local industry. "The real constraint is expertise," argues Dr Choi. "I don't think the domestic companies have had time to prepare and, frankly speaking, analytical skills are relatively underdeveloped."

Principal terms and requirements for the formation of a branch office in South Korea:
- Foreign companies must have had a representative office for at least two years;
- It must have been engaged in the securities industry for more than 10 years, and must have had no penalty or suspensions relating to its main business operations during the last three years;
- Korean securities companies must be able to conduct securities business in the country in which the applicant is based;
- Branches will be allowed to conduct three main types of business – trading, broking and underwriting;
- To conduct one area of business the minimal capital requirement is Won10bn: to conduct two areas Won15bn: and for all three Won20bn;
- Foreign branches will be encouraged to become a member of the Korea Securities Dealers Association, and follow the same self-regulation as local securities companies.

Principal terms and requirements for a joint venture:
- The Korean partner must not be one of the 30 largest Korean business groups;
- The foreign candidate must be a securities company or conduct securities business under a universal banking system;
- The net worth of the foreign partner must be in excess of Won300bn;
- Korean companies should be allowed to set up joint ventures in the country in which the applicant is based;
- Foreign securities companies which have set up branches in Korea will not be allowed to set up joint ventures;
- Domestic shareholders must have at least 50 per cent of the equity and foreign shareholders at least 40 per cent;
- The paid in capital of the joint venture must be at least Won70bn for companies doing business including brokerage, and at least Won50bn for those not doing brokerage.

Power failures interrupt German futures trading

By Katharine Campbell in Frankfurt

A WAVE of power failures in Germany yesterday interrupted trading at the Deutsche Terminbörse on its second day of futures business.

After a power cut in Frankfurt, the DTB's central system switched immediately to the battery-operated back-up, but a number of the exchange's members around the country suffered their own in-house failures. Screen trading was halted from midday for about an hour, and business conducted by telephone.

The relative merits of computerised versus open outcry trading are being closely monitored since the DTB last Friday introduced a bund futures contract that virtually replicates the Liffe instrument traded in the pit in London. Futures traders accustomed to Liffe observed that vulnerability to such technical problems constituted a powerful argument for the open outcry method; Liffe traded 36,673 bund futures contracts.

The DTB, however, pointed out that its own system had functioned flawlessly and that the bund had still managed 4,168 bund contracts (after 4,382 on Friday) with 1,566 (1,644) on the DAX.

Syndicate managers expect $3bn of new supply before end of the year

By Simon London

SYNDICATE managers are expecting upwards of $3bn of new supply before the year end after a summer drought in the Eurodollar warrant sector.

Companies need to achieve funding targets before the end of the calendar year, despite the continuing weakness of the Tokyo stock market. The Nikkei index is down 7 per cent in the past month and down 41 per cent on the year. Privately, syndicate officials point out that Japanese companies can no longer rely on big domestic banks as a unrestricted source of credit.

The few new Eurodollar warrant issues launched in recent weeks have benefited from rarity value and have traded well above issue price. Two deals launched yesterday were no exception.

Maeda Corporation came with a $200m offering via Daiwa Europe, at an indicated coupon of 4⅞ per cent. Launched at par, the paper traded up to 107.25 bid by the late afternoon. Full fees totalled 2¼ per cent.

Nippon Air Brake launched a $100m deal lead managed by Yamaichi International and guaranteed by Dai-Ichi Kangyo bank. The coupon is also indicated at 4⅞ per cent but if anything this smaller deal faced even stronger demand, trading up to 108.50 bid from a launch price of par.

A further three deals totalling $300m are expected today. Later this week deals are expected from Nippon Synthetic Chemicals and Nippon Soda.

However, in the secondary warrant bond market, trading volume remains extremely thin and investors are concentrating on new paper.

Old paper has been rendered speculative by falls in stock prices, which now stand well below warrant exercise prices.

Interest in the Canadian dollar sector continues, with Postipankki, the Finnish financial institution, the latest borrower to tap demand. Yesterday's C$120m offering of five-year paper carries a step-down coupon, paying an initial 29½ per cent coupon before reverting to 9.05 per cent semi-annual payments.

The deal was structured for a number of Far Eastern financial institutions, and is not expected to be actively traded.

Elsewhere in the market, Credit Foncier is expected to launch a Ecu125m deal in the next few days, possibly today. The borrower may choose to reopen an existing issue at either the six-year or nine-year maturity.

INTERNATIONAL BONDS

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Maeda Corp(a)‡	200	(4⅞)	100	1994	2¼/1½	Daiwa Europe
Nippon Air Brake Co.(a)‡	100	(4⅞)	100	1994	2¼/1½	Yamaichi Int.
CANADIAN DOLLARS						
Postipankki(b)◆	120	(b)	101⅝	1995	1⅝/1⅛	Yamaichi Int.
D-MARKS						
African Devt.Bank(a)◆	200	9	100¾	1996	1¾/1⅛	Deutsche Bank

★★Private placement. §Convertible. ‡With equity warrants. †Floating rate note. ◆Final terms. a) Non-callable. b) Coupon pays, initially, 29½% until 13/3/91, then steps down to 9.05% payable semi-annually, thereafter.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

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EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section

	Equity groups & sub-sections	Mon Nov 26 1990 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1990 to date	Fri Nov 23 Index No.	Thu Nov 22 Index No.	Wed Nov 21 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (195)	724.40	-0.9	14.80	6.58	8.26	34.18	731.17	714.17	717.37	859.65
2	Building Materials (26)	988.71	-0.9	14.68	6.18	8.38	41.09	997.42	964.19	962.28	1029.40
3	Contracting, Construction (34)	1175.74	-1.0	16.01	6.81	8.11	59.48	1188.14	1151.79	1149.50	1380.90
4	Electricals (10)	1906.09	-0.8	14.72	7.07	8.31	99.22	1921.54	1886.96	1887.05	2391.27
5	Electronics (26)	1609.33	-0.8	10.49	5.34	12.98	60.29	1621.98	1613.12	1626.73	1896.09
6	Engineering-Aerospace (8)	396.41	-3.2	16.92	6.15	7.08	17.27	409.53	404.36	415.83	0.00
7	Engineering-General (47)	361.39	-0.6	16.00	7.08	7.54	18.02	363.48	353.88	354.88	0.00
8	Metals and Metal Forming (8)	396.11	-0.6	23.41	8.62	5.25	24.83	398.32	389.08	386.25	449.75
9	Motors (13)	291.56	-0.9	17.13	8.25	6.80	17.45	294.16	286.06	289.25	354.13
10	Other Industrial Materials (23)	1230.97	-0.6	13.66	6.62	8.46	62.04	1238.51	1206.23	1212.35	1615.65
21	CONSUMER GROUP (177)	1211.44	-0.9	10.09	4.23	12.28	35.49	1222.58	1205.43	1203.54	1248.80
22	Brewers and Distillers (22)	1550.69	-0.9	10.22	3.82	11.86	33.88	1564.42	1525.00	1531.15	1419.82
25	Food Manufacturing (19)	1018.64	-0.7	11.36	4.83	10.86	31.63	1025.94	1017.28	1012.08	1093.22
26	Food Retailing (16)	2251.31	-0.4	9.81	3.29	13.29	58.72	2259.89	2262.40	2266.33	2223.06
27	Health and Household (18)	2399.47	-1.5	7.41	3.16	16.00	59.14	2436.36	2405.68	2393.46	2553.56
29	Leisure (31)	1232.41	-0.7	12.37	5.40	9.83	44.64	1240.66	1219.66	1222.25	1548.85
31	Packaging & Paper (12)	510.42	+0.5	12.62	6.82	9.73	23.79	508.06	502.57	499.44	532.84
32	Publishing & Printing (13)	2946.01	-0.2	12.00	6.38	10.46	139.88	2950.59	2893.35	2893.48	3618.34
34	Stores (34)	829.63	-1.3	10.30	4.39	12.61	25.63	840.65	828.02	824.18	764.73
35	Textiles (12)	429.11	+0.5	13.76	8.27	9.21	26.32	426.93	422.45	422.50	493.52
40	OTHER GROUPS (107)	1000.41	-1.0	12.55	5.75	9.67	33.65	1010.07	985.37	983.89	1115.79
41	Agencies (15)	921.37	-2.1	11.61	3.66	10.43	23.93	941.56	912.16	906.11	1493.42
42	Chemicals (24)	1059.67	-0.4	12.79	6.36	9.23	50.79	1063.86	1040.98	1031.67	1186.82
43	Conglomerates (14)	1298.02	-0.8	13.08	7.72	9.18	41.19	1308.91	1288.03	1295.57	1626.54
44	Transport (15)	1852.08	-0.6	13.88	5.51	8.89	72.05	1862.90	1829.93	1827.68	2126.81
46	Telephone Networks(3)	1156.82	-1.3	11.56	4.36	11.24	26.09	1171.60	1134.11	1135.95	1087.15
47	Water(10)	2131.84	-1.4	13.61	6.36	8.33	68.12	2162.38	2092.08	2054.76	0.00
48	Miscellaneous (26)	1514.06	-0.7	12.37	5.86	9.40	63.59	1525.35	1492.47	1495.38	1838.56
49	INDUSTRIAL GROUP (479)	1028.83	-0.9	11.89	5.22	10.31	35.60	1038.47	1018.43	1018.20	1123.43
51	Oil & Gas (21)	2343.85	+0.2	9.54	5.43	13.68	95.39	2338.12	2309.11	2291.11	2244.98
59	500 SHARE INDEX (500)	1136.62	-0.7	11.52	5.25	10.72	40.42	1145.18	1124.29	1122.73	1217.15
61	FINANCIAL GROUP (102)	727.43	-0.6	–	6.56	–	34.02	731.50	717.52	716.41	787.74
62	Banks (9)	782.84	......	20.89	7.36	6.27	42.00	782.57	765.41	767.59	821.94
65	Insurance (Life) (7)	1294.21	-1.4	–	5.93	–	55.82	1312.90	1299.79	1286.58	1329.75
66	Insurance (Composite) (6)	633.99	-1.0	–	6.74	–	32.08	640.66	624.36	623.84	660.31
67	Insurance (Brokers) (8)	970.79	-0.6	7.80	6.63	16.80	48.39	976.61	960.99	950.49	1105.95
68	Merchant Banks (7)	354.43	+0.8	5.47	5.76	24.37	14.24	351.73	347.27	345.71	439.41
69	Property (44)	981.69	-1.2	7.54	4.98	17.52	30.55	993.80	977.38	976.22	1139.69
70	Other Financial (21)	250.58	+0.3	11.28	7.20	11.39	13.00	249.84	246.53	244.43	312.77
71	Investment Trusts (70)	1012.15	......	–	3.97	–	28.74	1011.83	1007.40	1004.44	1237.79
91	Overseas Traders (5)	1190.44	-1.1	11.99	7.76	9.93	70.90	1203.58	1188.60	1183.81	1411.67
99	ALL-SHARE INDEX (677)	1035.23	-0.7	–	5.42	–	38.48	1042.54	1023.82	1022.31	1115.01

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Nov 23	Nov 22	Nov 21	Nov 20	Nov 19	Year ago
FT-SE 100 SHARE INDEX‡	2151.9	-18.6	2191.7	2148.9	2170.5	2127.9	2126.3	2115.2	2095.9	2224.3

FIXED INTEREST

	PRICE INDICES	Mon Nov 26	Day's change %	Fri Nov 23	xd adj. today	xd adj. 1990 to date
	British Government					
1	Up to 5 years	120.47	+0.25	120.17	–	10.71
2	5-15 years	127.87	+0.65	127.04	–	11.95
3	Over 15 years	129.36	+0.93	128.16	–	10.78
4	Irredeemables	144.64	+0.96	143.27	–	13.46
5	All stocks	127.36	+0.54	126.67	–	11.55
	Index-Linked					
6	Up to 5 years	157.94	+0.14	157.72	–	3.04
7	Over 5 years	145.33	+0.35	144.83	–	3.45
8	All stocks	146.16	+0.33	145.68	–	3.42
9	Debentures & Loans	100.70	+0.20	100.50	–	10.99
10	Preference	73.22	+0.45	72.89	–	6.44

	AVERAGE GROSS REDEMPTION YIELDS		Mon Nov 26	Fri Nov 23	Year ago (approx.)
	British Government				
1	Low	5 years	9.43	9.66	10.15
2	Coupons	15 years	10.28	10.43	9.79
3		25 years	10.33	10.47	9.69
4	Medium	5 years	10.85	10.97	11.24
5	Coupons	15 years	10.71	10.82	10.17
6		25 years	10.63	10.73	9.80
7	High	5 years	10.99	11.09	11.39
8	Coupons	15 years	10.92	11.03	10.37
9		25 years	10.86	10.97	9.93
10	Irredeemables†		10.57	10.67	9.75
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	3.72	3.78	3.82
12	Inflation rate 5%	Over 5 yrs.	4.12	4.14	3.72
13	Inflation rate 10%	Up to 5 yrs.	2.43	2.48	2.94
14	Inflation rate 10%	Over 5 yrs.	3.93	3.95	3.55
15	Debs &	5 years	13.49	13.35	12.66
16	Loans	15 years	12.91	12.90	12.36
17		25 years	12.54	12.56	12.05
18	Preference†		12.87	12.92	10.76

‡Opening index 2184.9; 9 am 2186.6; 10 am 2174.6; 11 am 2163.3; Noon 2162.0; 1 pm 2158.0; 2 pm 2155.6; 2.30 pm 2154.3; 3 pm 2150.6; 4.10 pm 2152.1; (a) 8.43am (b) 3.49pm † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 35p.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	82	0	4
Corporations, Dominion and Foreign Bonds	5	0	16
Industrials	308	367	874
Financial and Properties	196	145	403
Oils	15	34	42
Plantations	2	0	8
Mines	40	20	92
Others	41	63	100
Totals	689	629	1,539

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1990 High	1990 Low	Stock	Closing Price	+ or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1990 High	1990 Low	Stock	Closing Price £	+ or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1990 High	1990 Low	Stock	Closing Price p	+ or -
11	Nil	–	2pm	½pm	Cauldon Group 5p	2pm	
285	Nil	21/12	218pm	63pm	Eurotunnel Package	103pm	-25
45	Nil	–	4pm	3pm	Excalibur Group 5p	4pm	
90	Nil	–	¾pm	¼pm	*Haemocell	¾pm	+½
2½	Nil	–	¾pm	¼pm	‡Nat'L Media Comms. 1p	¼pm	
280	Nil	–	24pm	13pm	Low (Wm)	14pm	
20	Nil	–	¾pm	¼pm	Norton Group 12.5p	¾pm	
10	Nil	–	¼pm	¼pm	‡Propeller 1p	¼pm	
1	Nil	27/11	¼pm	¼pm	‡Property Trust 1p	¼pm	
25	Nil	–	¼pm	¼pm	Strong & Fisher	¼pm	
100	Nil	–	26pm	9pm	Unichem 10p	11pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. s Dividend and yield exclude special payment. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990-91. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1990. N Dividend and yield based on prospectus or other official estimates for 1989/90. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ψ Issued by tender. ‡ Offered to holders of ordinary shares as a "rights". ↑ Introduction. § Placing price. †† Reintroduction. ✦ Unlisted securities market. * Third Market. ✧ Issued in connection with reorganisation, merger or takeover.

TRADITIONAL OPTIONS

- First Dealings Nov. 26
- Last Dealings Dec. 14
- Last Declarations March 7
- For settlement March 18

For rate indications see end of London Share Service

Calls in Aviva Pet., Control Securities, Glencar, Norfolk House, Owners Abroad, Premier Cons., Waterford Wedgwood and Whitegate Leis. Puts in Ratners and Brent Walker.

LONDON TRADED OPTIONS

FUTURES and options markets were active yesterday as traders and institutions sought to respond to a sudden shift in sentiment in equities following reports that the US would urge the United Nations Security Council to agree to a deadline of January 1 for the withdrawal of Iraqi forces from Kuwait.

The FT-SE futures contract had a busy session and led the underlying stock market both in an early rise and then in an abrupt downturn.

At the close the Footsie December contract was showing a premium of 29 points over the underlying index, barely significant after allowing for the fair value premium which takes account of equity dividend flows as well as the cost of financing shares over the period of the futures contract.

Traders in both futures and options commented that the focus of attention had switched away from individual stocks to the overall outlook for the market itself.

This reflected, they said, the return to the marketplace of global factors, notably the Gulf situation and the rise in oil prices, and the relatively reduced attention on UK domestic factors such as the leadership contest in Britain's Conservative party which settled down ahead of today's vote by Members of Parliament.

In options, activity in both the FT-SE option and the Euro FT-SE contract increased.

On the Footsie contract, business jumped to 14,482 contracts from Friday's 21,580, while the Euro FT-SE contract headed the day's active list with 1,598 deals.

Other active contracts included British Gas (1,401), influenced by the jump in crude oil prices, and Dixons, the UK supermarket group, with 880 contracts traded as the market pondered the chances for an early cut in domestic interest rates.

Option		Calls Jan	Calls Apr	Calls Jul	Puts Jan	Puts Apr	Puts Jul
Allied Lyons (*498)	460	48	65	73	7	11	20
	500	22	40	48	25	27	35
	550	5	20	–	55	58	–
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Jan	Calls Apr	Calls Jul	Puts Jan	Puts Apr	Puts Jul
Storehouse (*125)	120	11	17	20	4½	5½	8
	130	7	13	15	9½	13	14
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Dec	Calls Mar	Calls Jun	Puts Dec	Puts Mar	Puts Jun
Amstrad (*67)	60	8½	12	16	2	4	6½
	70	3	7½	10	7	9½	11½
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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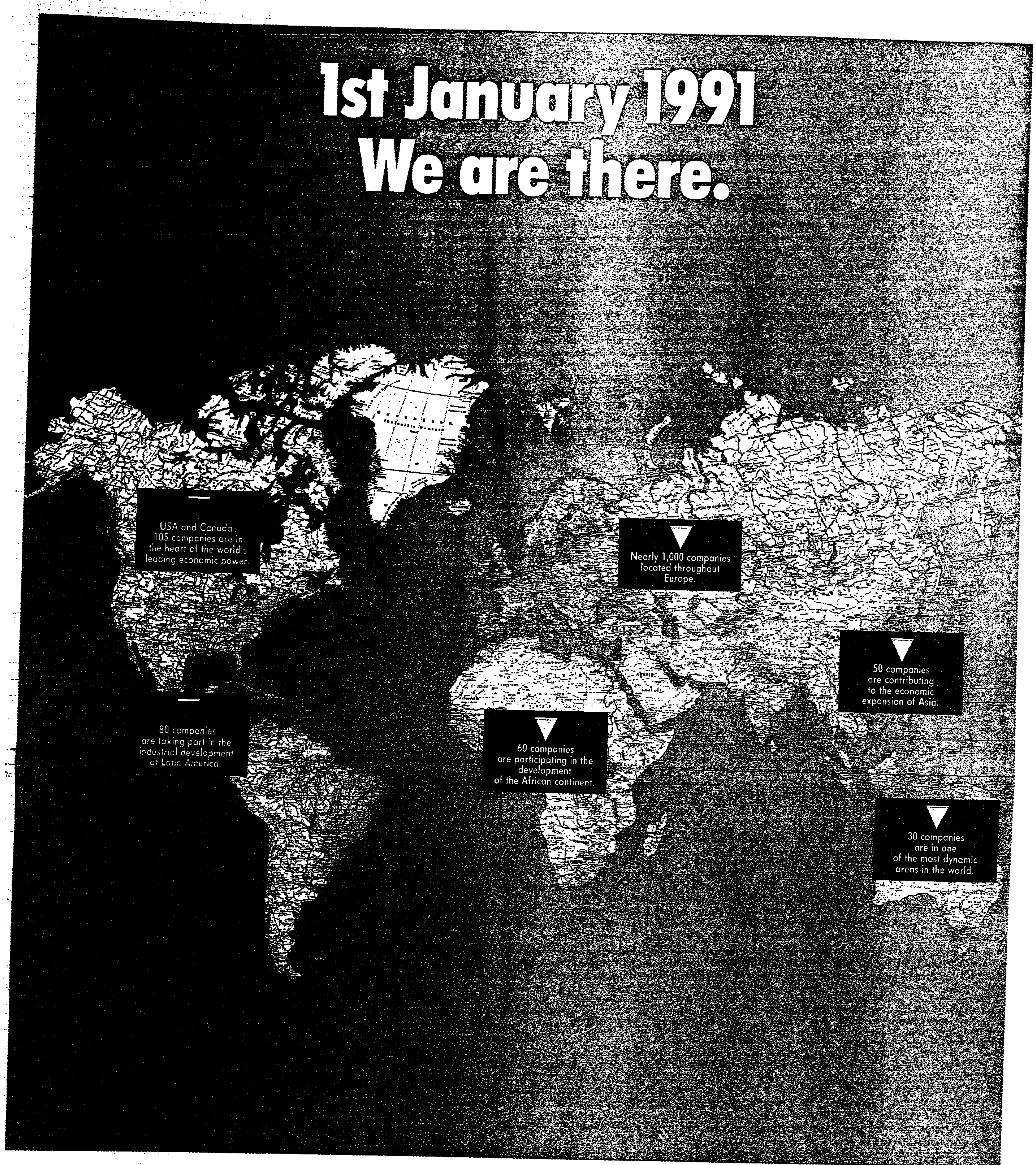

When 1991 begins, we'll be in all continents. In more than 100 countries. Actually, we've been in many of these countries for so long, we're part of their history. But our name is relatively unknown.

This is despite the fact that we're the world's first industrial group for communication systems. An international leader in energy, transport and electrical engineering services. A group with sales of £14.4 billion, making us one the world's largest industrial groups. A group that daily improves the lives of millions of people throughout the world.

So on January 1st we'll have a new name: CGE will become Alcatel Alsthom.

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UK COMPANY NEWS

Northumbrian Water makes £23m but warns of environmental cost rises

By Andrew Hill

THE GATHERING pace of environmental regulation could lead to "significant" cost increases at Northumbrian Water, and higher water bills for the former water authority's customers.

Northumbrian, smallest of the 10 privatised water companies, warned that improvements sought by the National Rivers Authority were tougher than the company had envisaged at the time of its flotation last December.

The group announced pre-tax profits of £23.1m in the six months to September 30 and declared an interim dividend of 6.2p – an increase of 16 per cent compared with a nominal interim dividend in 1989-90.

Mr David Cranston, Northumbrian's finance director, said the board had taken account of the flotation yield of *9 per cent at Northern Electric*, the local electricity company, when setting its dividend. On the basis of the declared interim dividend, fully-paid Northumbrian shares were on a yield of about 7 per cent at the start of trading yesterday.

The group's share price, which rose on news of the interim payment, fell back in later trading to close 5p lower at 274p.

In the first six months of 1989-90, Northumbrian made £3.8m before tax, or £36.8m assuming the industry's capital restructuring had taken place at the beginning of April 1989.

Northumbrian's turnover in the six-month period was £83.2m (£78.1m) and earnings per share stood at 6.2p.

But the increased cost of regulation in the industry accounted for more than £4m of the £17.8m increase in the group's operating costs in the first half of 1990-91.

Costs advanced from £50.3m to £68.1m.

Sir Michael Straker, Northumbrian's chairman, said the company was particularly concerned about proposals on river quality contained in an NRA report which was submitted to the industry in July.

"The NRA seems to be totally uninterested in the cost of the standards they are demanding," said Sir Michael.

He said customers would be "screaming and squealing" at the cost of new anti-pollution standards, which would probably be passed through to consumers in higher water bills.

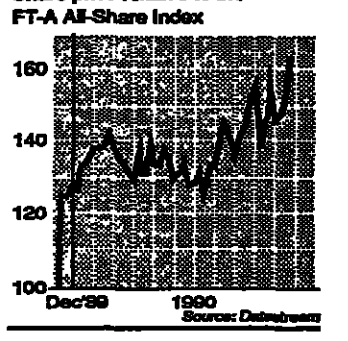
Northumbrian is also concerned because its K factor – the rate at which it can increase its annual water charges above inflation – is the same for each of the next nine years, despite the need to pay for early compliance with new regulations. The director general of water services, the industry's economic regulator, can alter K factors after five years.

"The neatest and the most secure way of discussing these new obligations would be for the director general to seek reasonable improvements to coincide with periodic reviews *[of the K factor]," said Mr* Cranston yesterday.

See Lex

Northumbrian Water

Share price relative to the FT-A All-Share Index



Crucial day for Brent Walker's refinancing

By Maggie Urry

BRENT WALKER, the highly-geared leisure group, faces a crucial day as its £103.3m convertible bond issue closes today.

Payments from underwriters and placees of the issue are due. If less than £99m turns up the bankers can pull out of a refinancing agreement, which allows the group not to make any capital repayments on its debt (totalling £1.4bn) until the end of 1991.

Birdcage Walk, the family trust company of Mr George Walker, the group's chairman and chief executive, is due to subscribe £27.3m of the issue. Last week Birdcage Walk admitted that it had failed to meet the deadline to pay £17.3m under the clawback provision of the bond issue, but said it would have the finance by today.

Completion of the bond issue may clear the way for new non-executive directors to join the board and a new finance director to be appointed. Some of Brent Walker's institutional shareholders are keen to see Mr Walker's roles separated and strong non-executive directors appointed.

Brent Walker announced yesterday the completion of its sale of Goldcrest, the film and TV business, to a management team. Total consideration was $33m (£16.8m), of which $18.2m represents cash received and the rest the repayment of Goldcrest's debt.

As part of the consideration was payable in two instalments due after six and 12 months, Brent Walker has taken a $1.2m discount on these amounts to receive the money now. There is the possibility of a further $4m payment, depending on the profits of All Dogs Go to Heaven, a cartoon film.

Early yesterday the company's shares rose following a weekend report that Jefferson Smurfit, the Irish-based paper and packaging group, would buy a 20 per cent equity stake in Brent Walker. Followers of Jefferson Smurfit dismissed the story as "pure speculation". The price fell back to close a net 3p higher at 97p.

Burmah makes further effort to discredit Foseco earnings

By Richard Gourlay

BURMAH CASTROL, the UK lubricants, fuels and chemicals group, yesterday made a further effort to discredit the earnings record of Foseco, the specialist chemicals group which it has offered to buy.

In a circular sent to Foseco shareholders, Mr Lawrence Urquhart, Burmah's chairman, said the 275p offer represented good value at 11.5 times earnings based on pre-tax profits for 1990 of £36.3m, after stripping out exceptional credits.

In response, Foseco stood by its 1990 profits forecast of £40.5m, after the netting back in of the exceptional items, and claimed it had said enough to see off the Burmah bid.

With the first acceptance date approaching on Thursday, some analysts said the Burmah bid had entered the territory of an argument over price.

Institutional shareholders would be aware that since Burmah launched its bid on October 15, the London market had risen over 3 per cent and would be looking for a sweetened offer.

On the other hand, by holding out for a higher price they would risk losing an offer they might be unlikely to see again once the market had a clearer picture of 1991 trading conditions and likely profits.

Yesterday Burmah Castrol received shareholder approval for the bid, which places a value of £236.8m on Foseco, and notification from the Department of Trade and Industry that the bid would not be referred to the Monopolies and Mergers Commission.

In its latest circular Burmah pointed to Foseco's pre-tax profits fall of £10m from the 1988 level of £46.2m and said *there was nothing in the* defence document to support an argument that the specialist chemical company's profits record would improve.

Foseco rejected this. "The foundries have been positioned for growth in niche markets while construction and mining chemicals are repositioned into higher margin products," a spokesman said. "That is the reason Burmah wants to buy Foseco."

Analysts agree it is difficult to arrive at a valuation of Foseco when its profits are falling, business in crucial Saudi Arabian and US markets is uncertain and the takeover market has seen few deals recently with which to make a comparison.

Foseco's worth was to a large extent dependent on assumptions about the 1991 profits at a time when chemicals companies are being badly squeezed and analysts are shaving forecasts, they said. Foseco has declined to make a 1991 profits forecast.

Wagon expands automotive products side

By Paul Cheeseright, Midlands Correspondent

Wagon Industrial, the *Telford-based engineering* group, is expanding its automotive products business by establishing a joint venture company, called Eften Rose, with Tri-Wall, a Tokyo cardboard manufacturer half-owned by Honshu Paper.

In a Wagon factory at either Telford or Brownhills, Eften Rose will start operations next February making car roof linings based on technology licensed from Tri-Wall. The technology was developed 10 years ago by Japanese cardboard companies and Nissan, the Japanese motor manufacturer, as an alternative to vinyl.

Tri-Wall's liaison with Wagon provides further evidence *of the move into the* European automotive market by Japanese component manufacturers.

The initial investment by Wagon and Tri-Wall is £750,000 and employment at the Eften Rose plant will eventually rise to 36.

Barclays calls in receiver at Arley

By David Owen

ADMINISTRATIVE receivers were appointed yesterday at Arley Holdings, the maker of photographic and audiovisual equipment which saw its *shares suspended last week at* 6p.

Joint receiver Mr Philip Baldwin, of Price Waterhouse, attributed the company's demise principally to its £11m debt load. "The group has found itself unable to service this debt burden during 1990," he said.

Mr Baldwin was "reasonably confident" that the majority of the group's businesses would be saleable as going concerns, but said there was unlikely to be any significant return to shareholders. "Arley's market capitalisation at 6p is only £600,000 versus shareholders' funds of £5m," he pointed out.

With businesses including Martin & Field and Neco Marine, Arley pursued an expansionary path in the late-1980s under Mr John Ferguson, chairman and chief executive.

Purchases included the acquisition in August 1988 of both Cine Screens and Nasa Marine for about £9.44m in cash and shares.

In April the group reported that pre-tax profits for 1989 had dropped £181,000 to £888,000 on turnover ahead sharply to £20.69m (£13.78m). The figures *took into account* a £686,000 rise in interest charges to £1.17m. Over the past 12 months the shares have slumped from 78p.

Mr Robert Davenport of Hill Samuel, Arley's financial adviser, described the receivership as "disappointing".

The group was "almost home and dry" on a rescue package involving a top venture capital company, he said. "We tried to convince Barclays, the company's banker, of the seriousness of the approach, but we were unsuccessful."

Mr Baldwin said: "The rescue package did not seem capable of being consummated within a time that would enable the group to pay its way within existing banking facilities." Barclays declined to comment on the situation.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Cropper (James) ......int	0.975	Jan 11	0.875	-	2.7
Fairline Boats ....fin	13.85	Jan 25	12	21	18.5
Guinness Mahon .....fin	0.65	Feb 18	1.3	1.45	2.1
Lees (John J) ....int	0.75	Jan 18	0.75	-	2
Merchant Manu § ....int	nil	-	1	-	1
Merrydown Wine §....int	1	Jan 17	0.89*	-	6.22*
N'umbrian Water ......int	6.2	Mar 4	-	-	10.69
Property Partner ......int	2.45	Jan 16	2.25	-	6.35
Scot & Merc Inv ....int	1.2	Jan 17	1.2	-	3.48
Vibroplant ....int	1.22	Mar 1	1.22	-	3.6

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock.

Surge in exports helps Fairline up 16% to £4.8m

By Richard Gourlay

FAIRLINE BOATS, the leisure power boat business, yesterday weathered a downturn in the UK economy and gathering storm clouds in the Gulf to report record profits for the year to September 30.

Boosted by a surge in exports, pre-tax profits rose 16 per cent to £4.81m on turnover up 28 per cent at £39.03m. Earnings advanced to 88.8p (80.1p) per share.

The board recommended a 13.85p final dividend, giving a total for the year of 21p, up 13.5 per cent on the year.

The market greeted the *announcement with a 25p rise* on the day to a close of 553p.

Mr Sam Newington, chairman, said that sales in the second half had accelerated markedly and that demand had remained firm for boats of more than 30 ft which cost at least £75,000.

Profits in the second half were 40 per cent higher than the first half and 21 per cent higher than the same period last year.

However, the company faced increased competition in smaller boats, especially from US manufacturers which were benefiting worldwide from the weakness of the dollar. The company had reduced production of its smallest boats.

However, the vast majority of sales came from the more expensive sector of the market. Mr Newington said the company was doubling production of these larger boats.

Fairline exports 60 per cent of its production and enjoyed a 62 per cent increase in direct sales abroad during the year. While the UK economy was moving into recession, foreign *markets had remained buoy*ant, he said.

During the year the company paid £1.85m for land in Oundle, Northamptonshire, where it is building a factory in which to build larger boats.

As a result, net cash at the year-end fell to from £5.1m to £4.1m.

The current year had started reasonably well. Although the volume of deposits had fallen, the quality of firm orders had improved with relatively more demand for larger boats.

Merrydown up 14% as cider sales advance

By Philip Rawstorne

Continued growth in cider sales during the summer pushed first half pre-tax profits at Merrydown Wine, the USM-quoted cider, wine and health foods group, 14 per cent higher to £1.03m.

Turnover rose 12 per cent from £7.26m to £8.13m during the six months ended September 30 as record levels of advertising and product innovation stimulated demand throughout the cider market. Earnings per share were 14 per cent higher at 10.41p (9.15p). An interim dividend of 1p (0.9p) is declared.

Mr Roy Hooper, chairman, said that prospects for the full year would depend, as always, on the success of pre-Christmas sales and the level of post-Christmas restocking.

Cider demand in the take-home trade was buoyant and there was some expansion in the on-premises trade, although the new distribution agreement with Showerings was not expected to realise its full potential for another two years.

UK COMPANY NEWS

Administrators' inquiry into subsidiaries delayed by court ruling

Polly Peck case in Cyprus put off

By John Murray Brown in Nicosia

ADMINISTRATORS appointed to Polly Peck International, the UK fruit to electronics group, will have to wait at least another week to gain access to the books of the company's north Cyprus subsidiaries.

A Nicosia district court yesterday adjourned the hearing until December 4, when it will again consider lifting the injunction won by local citrus growers which is preventing the administrators from seeing the books of Polly Peck's Cyprus companies.

The administrators say they only want to have a complete picture of the group's activities in Cyprus and stress that liquidation at this stage is not considered. Sunzest Trading, the fruit exporter, and Unipac, the cardboard box manufacturer, have been leading contributors to Polly Peck's reported profits.

However, Mr Kivanc Riza, counsel for the plaintiff, won the adjournment after the defence filed a court application on Friday for an affidavit sworn by Mr Richard Stone, a partner of Coopers & Lybrand Deloitte and one of the three UK court-appointed administrators.

Mr Stone said the affidavit aimed to "clarify any misunderstandings and set out our constructive intentions". The judge ruled that submission of a court application should be done at least four days before a hearing.

Mr Stone's affidavit was accompanied by a short affidavit from Mr Asil Nadir, Polly Peck's chairman, which supported the administrator's case.

Outside the court yesterday, Mr Stone, accompanied by his lawyer Mr Mentes Aziz, appeared disappointed. But he described the process of law in Cyprus as slow but sure, and said he would wait now until the adjourned hearings next week.

He would have to review with the company and its lawyers as to whether they need him to come back before the hearing, he added. Mr Stone was due to leave northern Cyprus for Istanbul this morning, where he will be briefed by investigations staff from Coopers & Lybrand who have been looking into the finances of Meyna, Polly Peck's Turkish fruit business, since last week.

The review is expected to give the administrators a clearer picture of the sources of Polly Peck's profits in recent years.

Richard Stone: "clarifying any misunderstandings"

MMEC in £2m cash call as £4.7m loss revealed

By Vanessa Houlder, Property Correspondent

MERCHANT MANUFACTORY Estate Company, a USM-quoted property development and investment company, plunged to a pre-tax loss of £4.74m for the half year to June 30, after writing down its net assets by £3.9m. The company also announced a rights issue to raise £2m.

Mr Mark Kemp-Gee, chairman, said that the write-downs reflected current market conditions. He believed that the loss would be reduced in the second half of the year, as a result of cost-cutting measures. "We are determined that this progress will be maintained with the aim of achieving profitable trading as soon as possible in the next financial year," he said.

Shareholders representing 29 per cent of the shares have agreed to take up their rights. The remainder of the rights issue, which involves 39.97m shares at 5p per share, has been underwritten by Greig Middleton.

The company announced several changes to its management team, following an overhaul last year. Mr Kemp-Gee, chairman of Greig Middleton has taken over as chairman from Mr Simon Southall. Mr Jim Quy became the group's financial controller and company secretary, replacing Mr Ian Caunt.

MMEC joined the USM in April 1988, priced at 93p per share. Yesterday the share price fell from 7p to close at 5p.

Turnover increased from £2.46m to £2.66m. There was a trading loss of £839,000, compared with a trading profit of £1.02m and a pre-tax profit of £943,000 last year. There was a loss per share of 17.78p, compared with earnings last year of 2.3p.

COMPANY NEWS IN BRIEF

BULA RESOURCES (Holdings), the gas and oil company, made pre-tax profits of I£548,000 (I£366,000) in the six months to June 30. Turnover was I£1.05m (I£1.06m); operating loss I£125,000 (I£115,000 profit); exceptional profit I£673,000 (I£251,000); earnings per share 0.095p (0.071p).

CRAY ELECTRONICS Holdings has, through its operating company Marcol Group, been awarded a contract by the European Space Agency worth more than £3.5m to supply spacecraft monitoring and control software and spacecraft simulators.

GROVEWOOD SECURITIES has now acquired or agreed to acquire 10.79m Priest Marians ordinary shares (76.48 per cent). The offer has become unconditional as to acceptances and remains open. Grovewood's offer to acquire Priest's 6 per cent convertible unsecured loan stock 2000-2003 has been accepted in respect of 80.88 per cent.

HEYWOOD WILLIAMS has acquired 51 per cent of KMAC Group of Co Tyrone for an initial £625,000 in cash and shares. Heywood has introduced £1m cash into the group in equity capital and will pay additional consideration up to £750,000. KMAC makes glass, safety glass and sealed units and fabricates aluminium.

INTERPUBLIC's offer for Lowe Group has been declared unconditional.Interpublic now owns an aggregate of 93.3 per cent of Lowe's ordinary shares and 92.6 per cent of the voting rights.

LAURA ASHLEY has sold Bryant of Scotland, the fully fashioned knitwear manufacturer, to its management for an undisclosed amount.

PORTSMOUTH WATER made pre-tax profits of £1.61m (£3.43m) in six months to September 30. Turnover was £9.77m (£8.78m); operating profit £1.9m (£2.77m); no exceptional credit (£1.18m); net interest payable £298,000 (£509,000); earnings per share 10.4p; interim dividend 1.35p.

THORN EMI is selling its HMV business in New Zealand to Brash Holdings of Australia for NZ$12.7m.

UK COMPANY NEWS

Warning as construction decline follows housing

Vibroplant falls 36% as recession moves north

By Jane Fuller

AS RECESSION in the construction industry has moved northwards, it has caught up with Vibroplant, the Harrogate-based plant hire group, which saw interim pre-tax profit fall by 36 per cent.

Although turnover rose to £40.39m (£33.01m) with the help of US acquisitions, taxable profit slid to £4.7m (£7.31m) after interest payments of £2.4m in the six months to September 30.

Mr Jeremy Pilkington, chairman and chief executive, whose family controls about 52 per cent of the equity, warned that UK activity was still deteriorating.

The group was hit as commercial and industrial construction followed housebuilding, on which the group is less dependent, into decline. Another weakening factor was the spread of recession from the south-east.

Only the north-west and Scotland remained above last year's levels, and as rival companies moved their plant to the diminishing areas of activity, profits were being squeezed.

In the US, dollar earnings had remained static but the weakening currency had reduced profit by 14 per cent on translation.

In California and Florida, the savings and loans crisis had curtailed construction.

On the other hand, acquisitions in the Washington DC and Mid-West areas had performed better than expected.

Net debt at the peak half-year stage had risen to £48m – gearing of 90 per cent. By March it was expected to be 80 per cent compared with 75 per cent last time.

Mr Pilkington said the group had reacted to the trading difficulties by cutting capital expenditure from £36m last year to £18m. It was expecting to spend only £6m in 1991-92.

Overheads had also been curbed. About 100 jobs were being shed this year.

Earnings per share declined to 6.58p (10.44p). The interim dividend is held at 1.22p (1.22p).

● COMMENT

Bearing in mind that the effects of UK recession only seriously caught up with Vibroplant in September, worse is yet to come in terms of profit figures. Apart from the spread of recession through the building industry and the country, an expected increase in bread-and-butter road improvements has failed to materialise. The US, which accounted for 46 per cent of sales and 31 per cent of operating profit, is providing a patchy cushion because of continued constraint in California and Florida, general economic uncertainty and adverse currency movements. The group has drawn in its horns this year, but the momentum of its previous rapid expansion (the gross cost of the fleet in September was double the figure in March 1988) is delaying the benefits. Concern about borrowings is one reason for the shares trading at less than 40 per cent of the May 1989 rights-issue price of 200p. Pre-tax profit for this year is expected to fall to about £8m (£14m), giving a prospective p/e of about 7 on yesterday's close of 75p. While more bad news cannot be ruled out, good news would be astonishing in the short term, not least because of the expected lag in the construction industry's response to further interest-rate cuts.

Vertically fusing all the elements

David Thomas on the reassuring, but so far dull, East Midlands

EAST MIDLANDS is one of the few regional electricity companies which stands out from the pack.

"Either East Midlands will be the biggest, the best and the most brilliant in five years' time or it will have gone badly wrong," says one banker close to the issue.

This anonymous banker was referring to the distinctive strategy elaborated for the company by Mr John Harris, its chairman. Aged 51, Mr Harris is the second youngest of the regional companies' chairmen. He is also one of the most highly regarded among the industry's City followers.

Mr Harris has a vision of East Midlands as a vertically integrated utility. This means fending off competition for the segment of its business involved in the final supply of electricity to customers. It also involves pushing "upstream" into electricity generation.

East Midlands is unimpressed by the argument that supply custom is low margin and barely worth keeping. It was second only to Eastern in successfully retaining its supply business during the outburst of competition this year; indeed, East Midlands has been one of the most aggressive companies in chasing supply business outside its region.

"If you abandon the supply business, you're leaving control over the sources of growth of your business to other organisations," explains Mr Harris.

East Midlands is also one of the companies most committed to investing in the new wave of independent power stations. It argues that the independents offer a fresh income stream; they will also increase pressure on National Power and PowerGen, the two established generating companies, to keep prices low.

Other regional companies echo these arguments, but East Midlands has gone further than most by announcing its interest in three generating projects – including one in Corby, where final agreements were signed this month with Hawker Siddeley, and the Electricity Supply Board, the Irish Republic's state-owned electricity utility.

It may not be possible to determine the wisdom of Mr Harris' strategy for some time, possibly years. Meanwhile, it would be wrong to forget that, as with all the regional companies, most of East Midlands' profits come from distributing electricity over its local wires, which remains a monopoly.

The health of the local economy is the most important influence on this distribution business. The East Midlands region has its problems, with pockets of depression to the north around Mansfield and with doubts hanging over the future of the Nottinghamshire coalfield. Yet these black spots are matched by high-growth regions like Milton Keynes in the south of its territory.

Overall, the region is sufficiently diversified and resilient to sustain a confident prediction in the company's prospectus – "Economic growth in the area, although less than in the recent past, will continue to be above the national average in the medium term."

The company is equally bullish about one of the main threats to the distribution business – the growing interest among business customers in generating their own electricity. The company knows of plans in its region for only 20 megawatts of own generation, a relatively small amount.

The company's capital expenditure programme to renew assets is largely behind it. East Midlands' capital spending increased more than any other regional company during the past decade, allowing Mr Michael Carus, finance director, to say: "We're not far off the peak in capital spending."

The company also boasts an impressive record in marketing, having been among the most successful in selling off-peak electricity during the 1980s. Likewise in cost control: East Midlands has the third lowest employee/customer ratio.

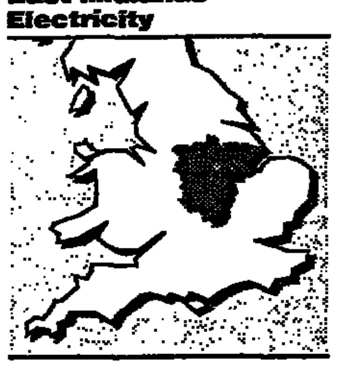
Past success in marketing and cost control is, however, something of a mixed blessing: it implies reduced scope for more of the same in the future, although Mr Dan Cowe, managing director, says the company's cost-cutting attentions will turn to its head office and other overheads.

One area of short-term vulnerability is the company's relative shortage of contracts hedging it against movements in the new electricity market, known as the pool. East Midlands is trying to negotiate additional contract cover, but its prospectus warns of consequential threats to its profit forecasts, such as would occur from a further jump in oil prices.

Most analysts appear to think that these pressures have been fairly reflected in the launch conditions given East Midlands by the government: an issue yield of 8.36 per cent, which is right in the middle of the table, as is its headroom to raise prices and its initial debt.

The fundamentals appear middle-of-the-road. The question facing East Midlands in the private sector is whether its distinctive strategy will lift it above this reassuring, but dull position.

East Midlands Electricity

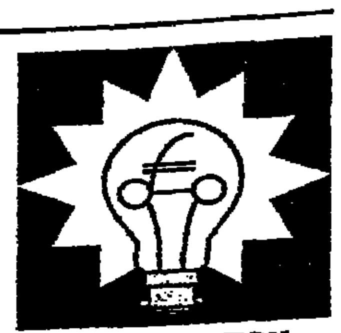


John Harris: young, but one of the most highly regarded

Customer breakdown of sales

	East Midlands(%)	Industry(%)
Domestic	33.0	34.4
Commercial	21.1	25.9
Industrial	42.9	36.7
Other	3.0	3.0

Source: UBS Phillips & Drew



PRIVATISATION

Publication dates of previous profiles

Eastern	Oct 9
Seeboard	Oct 16
South Wales	Oct 23
Norweb	Oct 30
Southern	Nov 6
Manweb	Nov 13
Northern	Nov 16
London	Nov 20
Yorkshire	Nov 23

This is the 10th profile in the series on regional electricity companies. The final two will appear on Thursday and Friday.

NEWS DIGEST

Cropper stages recovery

JAMES CROPPER, the Kendal-based specialist papermaker, staged a recovery in the half year ended September 29 in reporting pre-tax profits advancing 67 per cent to £971,000. That was made on turnover just 5.5 per cent higher at £19.62m, and in spite of increased interest charges and a shutdown of one machine for three months. The profit compared with £581,000 last year and with £1.17m in 1988.

A good start had been made in the current year with a reasonable order book, said Mr James Cropper, the chairman.

Earnings came to 10.1p (5.9p) and the interim dividend is raised to 0.975p (0.875p).

Regal Hotel set for improvement

High interest rates and loss of business through refurbishment pushed Regal Hotel Group into a loss of £1.75m for the six months ended July 1 1990. But hotel trading was improving.

Refurbishment of the Leofric, Coventry, the Scotch Corner, Darlington, and the Cumbrian, Carlisle, meant the group was well positioned to increase further revenue from the business and conference sector.

The group was the result of the reverse takeover a year ago of Regal Hotel by USM-quoted Rivoli Cinemas. Comparative results were not available but consolidated figures for the nine months to the of December 31 1989 showed a loss of £1.2m.

Turnover in 1990 was £2.7m on which there was an operating loss of £605,000. To that was added an exceptional £177,000 for diminution in the value of redevelopment land and interest charges of £963,000.

Supernova clears way for profit

Supernova, the specialist in fruit and vegetable preservative coatings, is looking for a return to profitability by the end of the year to March 31 1992.

Mr Frazer Imrie, chairman, said the corporate plan reflected a response to the changing political and economic climates throughout the world. He believed the changes augured well for Semperfresh and other products under development.

Preparations were in hand for the group to move from the Third Market to the USM.

For 1989-90 the group net attributable loss was £1.75m, as the unpredictability of the Chinese market badly affected projected sales of Semperfresh. In 1990-91, estimated central costs of £350,000 and research and development and marketing expenditure of £725,000 meant the group would not show a profit.

Naval dockyard grapples with consequences of east-west peace — Page 3

FINANCIAL TIMES SURVEY

PLYMOUTH

International companies offered incentives to move to Devon — Page 4

Tuesday, November 27, 1990

After the contraction of its ancient naval dockyard, Plymouth faces an uncertain future. But it hopes for new prosperity from its ferry terminals and is trying to transform itself into a centre of tourism, commerce and high technology. **Anthony Moreton** reports

Drake's city fights back

WITH the Christmas lights just switched on and the shoppers thronging Royal Parade and New George Street, Plymouth presents an air of festive gaiety. But behind the tinsel and plastic Father Christmases that adorn the shopfronts a more sombre mood affects the city.

The recession which long ago hit the prosperous south east of England has now seeped down to this far outpost of the south west that will always be associated with the Royal Navy and the defence industry generally. Redundancies are rising and more are to come; increasingly, companies are finding themselves in difficulties.

"The going is certainly getting tougher," says Mr Graham Jones, the city's estates surveyor. "Firms with a high export content are holding their own much better than those geared essentially to the home market.

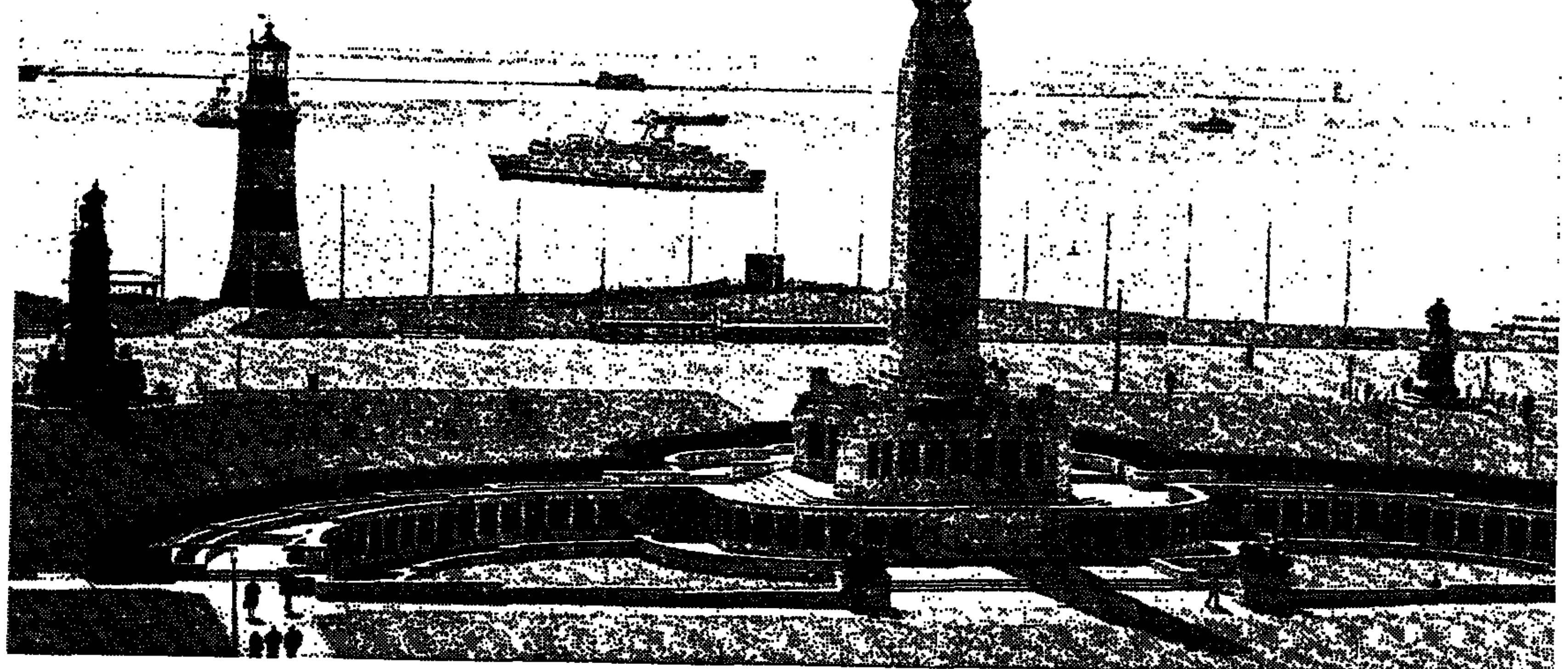
"Eighteen months to two years ago we were getting a lot of inquiries from concerns in the home counties wanting to come here and we converted a lot of those inquiries into actual moves. Silent Channel was just one example. But there has been a definite drop in the number of inquiries in recent months."

Mr Brian Fox, director of the chamber of commerce, agrees: "We are now suffering the same sort of downturn as has hit the rest of the British economy."

That downturn is going to be exacerbated over the next few months at DML, which since 1987 has had a management licence to run the naval dockyard. The "peace dividend", following the relaxation of East-West tension, is already being seen in the city.

The nuclear submarine, HMS Warspite, which was reaching the end of a 31-month refit costing £100m, has just been decommissioned. In the dockyard, the number of employees will be run down by about 1,500 by next year. Less ministry of defence work in the yard means fewer employees. When DML took over three and a half years ago, it inherited 11,250 men and women; next year that figure will be reduced to around 5,000.

The immediate picture is not all doom and gloom, though. Mr Fox notes that "the professions are still growing here, attracted by low property prices". And Mr Ivor Simpson, director of the Devon and Cornwall Development Bureau, the overseas inward-investment arm for the region, points to an encouraging position: "Toshiba has just announced a £10m investment at its plant which will create 220 new jobs from next spring."



Plymouth Sound, viewed from The Hoe, where England's master mariner played at bowls before sailing out to meet the Spanish Armada

Last spring Murata, another Japanese company and a world leader in the production of electronic components, started on a £50m project that will employ 1,000 people by 1994. In September, Harris Corporation of the US chose Plymouth for its first site in Europe to make semi-conductors. The £25m investment will employ 200 jobs in phase one and another 250 in phase two: "Two or three years ago these investments would have been unthinkable," Mr Simpson adds.

Plymouth's problem, according to Mr Michael Boxall, the city's chief executive, is its narrow economic base.

"The structure of employment by industry here is similar to that in Britain as a whole. But this hides the fact that the manufacturing sector is dominated by the naval dockyard. And this dominance is made worse by the fact that the Royal Navy relies largely on central suppliers rather than local ones."

The arrival of DML has helped offset this dominance; the company now pumps some £5m a year into the economy through buying locally – a small step towards diversification but a welcome one.

The other disadvantage for the city, according to Mr Boxall, is its remoteness from the centres of economic power: "Despite improvements to transport links Plymouth is recognised as the most remote regional centre in Britain. In a survey carried out by the Scottish economic planning department it came 319th out of 380 travel-to-work areas in terms of accessibility to the main markets of Britain."

The question of peripherality is one being addressed by more than just Plymouth. A group of 20 cities on the western edge of the European Community – from Bilbao, La Coruna and Nantes to Brest, St Nazaire and Dublin – have formed Atlantic Arc to address the question of distance from markets and have invited Plymouth to join.

Atlantic Arc is paying particular attention to the infrastructure, business contacts and educational and training needs: "If we can get together with companies in these areas we can further our links with Europe," Mr Fox says.

More immediately, though, and nearer home, Plymouth needs to find more land for expansion if it is to join the eventual upturn in the economy. Plymouth is hemmed in by the sea to the south, the river Tamar to the west and outstanding countryside to the north and east. If it wants to increase the inflow of companies it will have to look at land outside its own boundaries and this brings it into potential conflict with South Hams district council, which jealously guards the green belt that runs up into Dartmoor and the national park. "It is essential to have a three-year supply of land immediately available to offer any potential incomer," says Mr Boxall, "and a further five years' supply within the development pipeline at any one time. In terms of land for general and manufacturing industry there is a serious deficiency with only four years of land identified."

The need for land is all the more important because if Plymouth is to develop a more balanced economy it needs to attract more service jobs. Until recently, Exeter had scooped most of the pool as a service centre and although Plymouth could boast concerns such as Dartington, Nykredit Mortgage Bank and Western Trust and Savings, the only national

Continued on page 2

IN THIS SURVEY

Drake: local hero

Ferry port fights for bigger share of trade with Brittany and Spain

Lobsters, cauliflowers and cars

Container deliveries to major continental markets are the core of the port's activity, writes Anthony Moreton

TWICE A WEEK, the 23,000 tonne Bretagne, pride of the Brittany Ferries fleet, casts off from its berth in Plymouth's outer basin and heads through the sound on its long overnight journey to Santander in northern Spain.

The £60m vessel was introduced to this route last year linking not just two countries but also two regions with considerable similarities.

Both Plymouth and Santander are away from the centres of government and manufacturing yet each has a vibrant economic life and each is looking to other parts of Europe to sustain that life.

Plymouth's main seaborne trade is with Brittany in north west France but Mr Edward Chapman, Associated British Ports' port manager at Plymouth, contends that if the port could take a tenth of the Spanish trade from each of the other British docks dealing with the Iberian peninsula its own business would go up four-fold. "Spain is that important to us. The Spanish market has great potential," he says.

The port hopes to develop that potential by winning yet more business with Spain. It is now talking to another operator which is already operating between Santander and Lorient in Brittany and wants to extend it to Britain.

But Plymouth faces stiff competition from Poole in particular and no decision is expected before next month.

If Poole, a rapidly-developing port, wins this contract it would not be without irony. For Poole owes much to Brittany Ferries whose success with its Plymouth-Roscoff service did much to rescue Plymouth when the Devon port was in the doldrums.

The story of the Brittany link goes back to the early 1970s when French agricultural producers were looking for a way of getting their produce to England more easily than through the traditional but long overland route via Calais and Boulogne into Dover and Folkestone.

Those interests set up BAI - Bretagne Angleterre Irlande - to operate a ro-ro service between Roscoff and Plymouth, a route that has turned into one of Britain's cross-Channel success stories, as well as to offer a way into Ireland.

Today there is a daily ferry service with the smaller Quiberon on the six-hour run between the two ports and the number of passengers and the amount of freight have grown rapidly over the years.

In the last financial year, for instance, Brittany Ferries carried 460,000 passengers, 112,000 cars and caravans and 15,000 freight vehicles between Plymouth and Roscoff, a 50 per cent jump in the number of passengers compared with 1988 and a 15 per cent rise in vehicles. It also carried a further 143,000 passengers and 49,000 vehicles between Plymouth and Santander.

Associated British Ports' decision to put £1m into facilities led to several doubts being expressed.

Mr Chapman admits the decision was a risk at the time – a new company operating on a new ferry route is not the best formula to send the bank manager happily to sleep.

The first couple of years seemed to confirm those doubts but the route came good remarkably quickly, especially after a passenger terminal had been added in 1974 – so successful that Brittany Ferries decided to add further services, out of Portsmouth (to Caen and St Malo) and Poole (to Cherbourg).

To protect the Plymouth business ABP spent another £7m on a new passenger terminal five years ago and a programme of improvements to the quays and unloading facilities such as a modern link-span.

If Plymouth wins the contract for the second line linking the port with Spain it will be for freight only. Brittany Ferries has an exclusive contract to embark and disembark passengers in the port, a contract which has seven years to run.

It is the ro-ro business, though, that is at the core of the port's activity. Last year, it handled 38,000 tons of cauliflowers coming into Britain from the fields of Brittany and 23,000 tons of potatoes.

In return it handled 30,000 tons of fish. Every day a container lorry fills up with fish from Plymouth's own fishing dock across Plymouth Sound at Sutton and with lobsters and crabs from Cornwall and delivers them directly into the markets in Paris.

To create the basis for future growth ABP is using some of the land that has lain largely fallow during the long years when its commercial activities were constrained by the national dock labour scheme.

Plymouth, a relatively small port in the ABP empire, did not suffer catastrophically under the dock-labour scheme but the sudden ending of the scheme last spring has given the port much more flexibility and Mr Chapman agrees "we are much better off now. We can use our labour force much more effectively and although there has been a significant reduction in numbers we are still able to handle a growing volume of business more efficiently."

In Plymouth, ABP is increasingly looking to become a property company, using its surplus land for alternative uses. Grosvenor Waterside, a subsidiary of Grosvenor Square Properties, ABP's property development arm, is building a marina and waterside housing estate in conjunction with MDL.

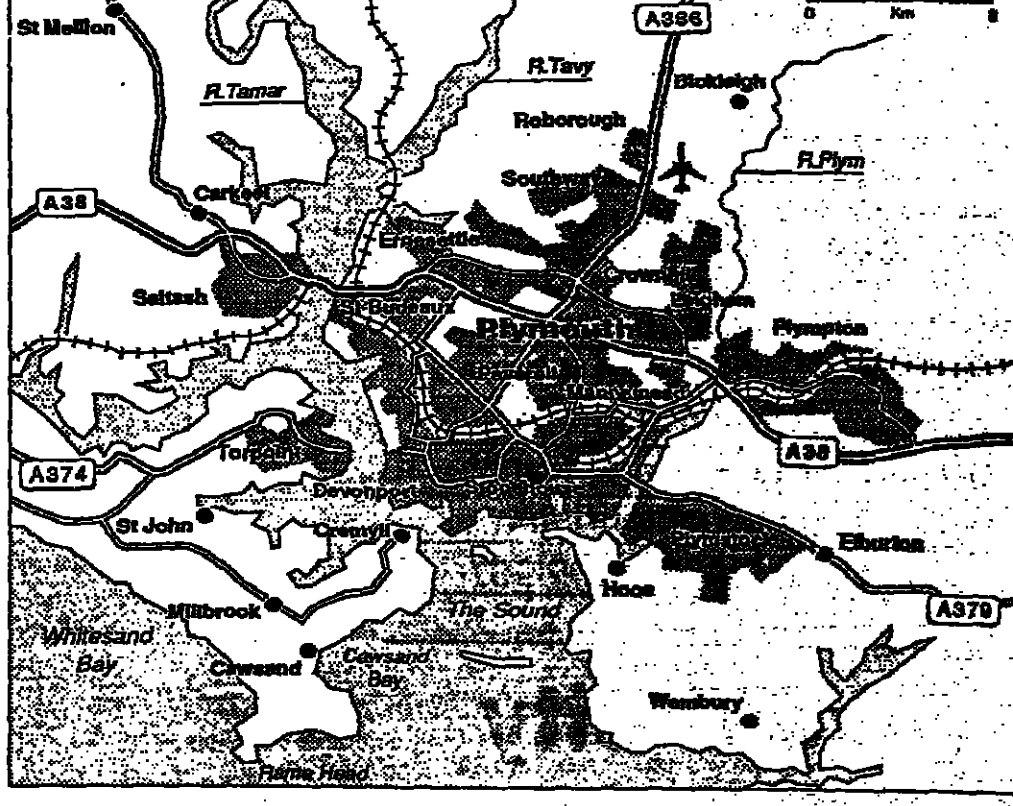
So far 40 have been built but the ending of the housing boom has put a stop to a planned expansion to 85 until either the present houses have been sold or there is evidence of an end to the housing slump.

Other land within the docks is earmarked for commercial development. Part of the inner basin, closed 18 months ago, has been filled in and ABP would almost certainly like to fill in the remainder of the basin when conditions are right.

The choices for ABP in Plymouth are essentially the same as elsewhere in the group and the same as those confronting almost the whole of the British port industry.

Getting a blue-chip return from port activities is increasingly difficult and might be made even more difficult with the opening of the Channel tunnel (though Plymouth believes it will not be seriously affected by that event.)

Nevertheless, ABP faces crucial decisions on how far it should move into property development and how far it should remain a port operator. Plymouth has shown over the 1970s that it can carve out a niche port business. The question now is whether this is sufficient or whether there are other and more profitable routes to follow.



Trains and planes reduce Plymouth's remoteness, writes **Deborah Hargreaves**

Nearer than it used to be

PLYMOUTH has long fought its image as a western extremity cut off from the rest of the country by poor transport links. Indeed, new businesses which consider moving to the city give the availability of decent transport routes as a key priority in their decision.

But much of the prejudice against Plymouth's remoteness is psychological. Although the motorway stops at Exeter, the next 50 miles of road are almost up to M5 standards. At the same time, Plymouth has a regular, rapid rail service to London and frequent air links.

British Rail has done much in the past five years to compete with Plymouth's air carrier and provide businessmen with an efficient and pleasant journey to London. With almost one train an hour between Plymouth and Paddington and a fastest time of just under three hours, BR has seen a steady rise in business users.

Brymon Airways which provides four flights a day to Heathrow and two to Gatwick finds it hard to compete with BR on price and consequently most of its traffic – 60 per cent – comprises businessmen who are aiming to take a connecting flight abroad from London.

This is a vital service for the international businesses that Plymouth is attracting in place of its declining dockyard since many of them are subsidiaries of foreign concerns and need to fly quickly to head office.

But if the British Airports Authority succeeds in its bid to push small carriers out of Heathrow, and Brymon is forced to route all of its flights through Gatwick and Stansted, this would deal a sharp blow to Plymouth's efforts at diversification.

"If we lost this link, I think you can guarantee that many companies here will stop expanding and many others will go elsewhere," says Mr Mike Bathgate, manager at Brymon. The carrier is building Bristol as an international gateway that could cover some of its business if it had to leave Heathrow. In addition, the company is stressing the numbers of businessmen it takes to London – often more than a large jet will carry between London and Sydney – and its consequent economic benefit to the airport.

BR would be a major beneficiary of a drop in business for Brymon and it is putting a fairly substantial investment into the city with the current revamp of the station concourse and ticketing area. The £1m project will provide Plymouth with an up-to-date computer ticketing service which will cut down on queues by providing a more efficient service.

In addition, BR is looking at long-term investment in the Victorian track that runs on part of the route between Plymouth and Exeter. The last stretch from Exeter can often take up a third of the journey-time on the route from London and this adds to the perception of Plymouth as an outpost.

While BR is not about to make a major investment in track renewal, it is working on upgrading parts of the track so that trains can run slightly faster. "Trains are not likely to run at 100 miles an hour on this stretch in this decade, but we are working upwards from 50-60 miles," explains Mr Peter Griggs, route manager at BR's Intercity unit.

In an effort to upgrade its first-class service, BR is running the Golden Hind, a train which offers the highest level of on-train catering, from Plymouth to London in the early morning and back again at the end of a business day. This is BR's flagship which, at no extra charge for first class passengers, offers additional services and improvements in quality.

Next year, BR will pioneer the introduction of a Silver Standard which will provide additional catering for business users paying the standard fare.BR's first-class day return to London costs £102 while Brymon's fare to Heathrow is £180. Brymon says it tries to sell itself on speed and convenience since it cannot undercut BR on price, particularly now that its air fuel costs are rising so quickly.

While good transport links to and from Plymouth are vital in attracting new industry to the region, the city is also working on improving local commuter services for residents. "If a large organisation does decide to relocate here," says Mr Andy Johnson, manager at Plymouth's rail station, "one of the selling points will be the good countryside around the city. Employees will want to live out there and we need to look at how they will get to work."

The city council is currently considering some sort of rapid transit scheme for the city centre as well as improvements in some routes into the city. Mr Johnson says the possibility of re-opening the rail line between the city and Tavistock on Dartmoor is under discussion as a way of removing some of the pressure on the narrow road between the two.

Another way for BR to ferry more people into the city centre would be to open more stations on the rail line between Totnes and Plymouth.

The city is actively looking at a number of options for commuters and a joint committee formed by the city and district council is studying the possibilities. Mr Johnson believes there will be a move to set up a rapid transit system in the next two years with the goal of completing a fully integrated transport system in 15 years.

Basis of the city's future prosperity

Continued from page 1

financial institution to have its head office in the city, these were exceptions rather than the rule.

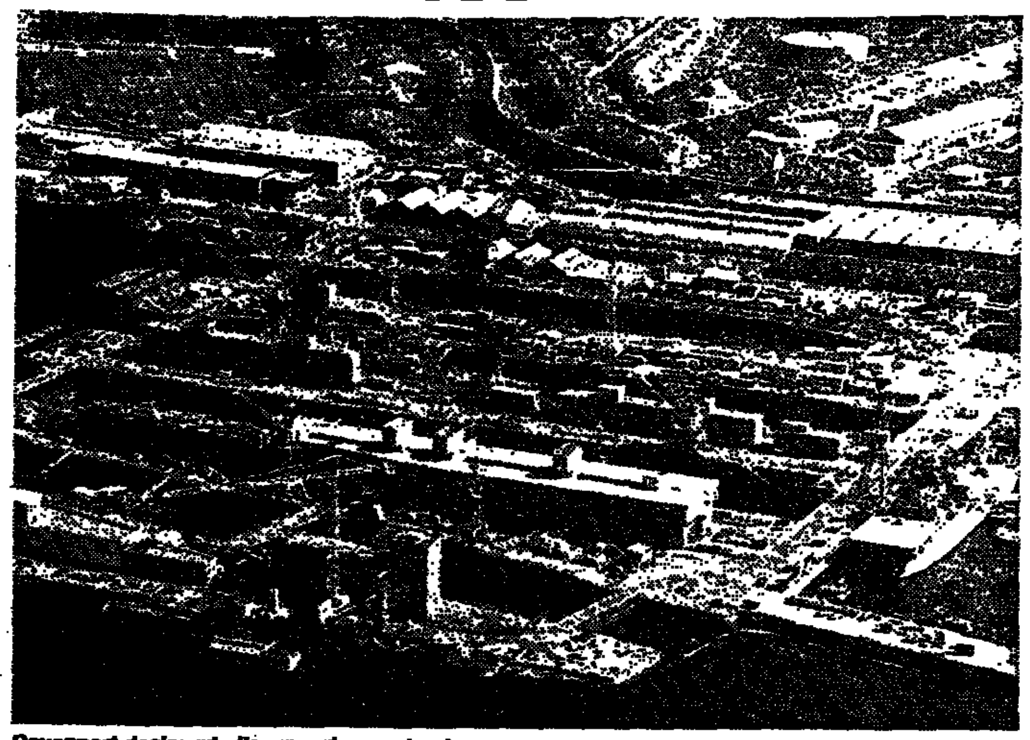
For years, low rents precluded new building or the encouragement of local developers with the result that no financial community has arisen, no modern offices are available and the potential for converting, through the building trades' new method of dressing and undressing a structure, is limited.

The consequence has been, according to Professor Peter Gripaios of the Plymouth Business School at the Polytechnic South West, that most of the head offices of concerns in the region have congregated in Exeter.

He is supported by the Devon and Cornwall Development Bureau's Mr Ivor Simpson who "would love to see more service industry coming in since Exeter has captured the lion's share." An Inland Revenue relocation will help in a small way.

Professor Gripaios paints a sombre picture. With the run-down in the dockyard, closures by English China Clays outside the city, the possibility that the opening of the channel tunnel in 1994 might draw resources east, and the EC's eastward pull as it looks to Europe's newly democratised countries, there will be increased pressure on Plymouth, he feels, if it is to sustain its prosperity.

That prosperity is, in any case, fragile. A survey by Glasgow university found that income levels in Plymouth were the lowest in the 38 largest British cities, about 9 per cent below the national average for men. Apprehensions about the future have to be seen against the background of achievements over the past decade. Despite its geographical disadvantages, Plymouth is seen as a good place in which to live, has attracted a number of important newcomers on the industrial side and, with its long naval tradition, will continue to be probably the most important regional centre in the south west. These are not insignificant achievements and are the basis on which future prosperity is possible, given a willingness to make them succeed.



Devonport dockyard: disappearing contracts

Question mark over the Devonport dockyard

Challenge of the peace factor

WHATEVER happens in the Gulf the peace factor has already hit Devonport dockyard. At the start of this month, the government called a halt to a £100m refit on the nuclear submarine HMS Warspite in the final stages of a 31-month refit.

The decision followed hard on the heels of the government's move to scrap her sister submarine Churchill as part of plans to reduce the Royal Navy's submarine fleet from 18 to 12 vessels.

The Warspite decision had an immediate effect on Devonport Management (DML), the company that now manages the dockyard on a seven-year contract for the Ministry of Defence. The yard's workforce will be further run down to 5,000 by next March compared with 6,617 at the end of October.

This is a far cry from the heady days of 1987 when, in the spring of that year, a novel form of management structure was created as part of the government's privatisation programme.

Although the government wanted to introduce private management into the two royal dockyards – Rosyth, outside Edinburgh, is the other – it did not want to abandon complete control over its ability to service the navy. It therefore came up with a scheme by which private industry would be given a lease on the premises with ownership remaining within government. This novel concept was made even more unusual in that the government remained the main customer of the yards though the companies (Rosyth had the same relationship with government, operated by Babcock Thorn) were expected to go out and find extra work. Last year, for instance, the government provided work totalling £240m, more than 90 per cent of the DML's business.

The way in which the government has allocated that work has led to some concern within DML. The company – a consortium led by Brown and Root and including BICC, and the Weir Group – had to be "encouraged" to bid for the management contract in the first place. It subsequently discovered that defence reviews and the general tightening of the ministry's budget – by, for instance, not putting a ship into dock for a refit quite so frequently – meant DML got less work from its major customer.

The result was that at the same time as coming to terms with a new business DML has constantly had to revise its rolling programme. The most obvious consequence has been seenin the workforce. When DML took over, the workforce stood at 11,250 (itself a drop of about 2,000 in the previous two years) and the then executive director saw "job losses of around 2,300 over the next seven years, bringing the figure down to around 8,800". By next March, four years into that seven-year period, the actual figure will be around 5,000, confirming the unions' worst fears at the time.

Even so, Mr Mike Leece, DML's managing director and one of the small team of executives put into the yard by Brown and Root, is sufficiently pleased with experience in the first half of the contract to be thinking of recommending to his board that it should bid for an extension when talks on renewal start, probably in about a year's time.

"The position is vastly different from the task we imagined," he admits, but claims this is because "the goalposts have been changed". Those moving the goalposts are, clearly, the government. "Also, the complexity of the operations is greater than we imagined, largely because of the diverse nature of the tasks we have to undertake in the docks. Each task requires a slightly different management approach."

In particular, Mr Leece found that the strategy adopted was geared to a higher volume of work than the government subsequently made available. And because of the way in which that work is costed the yard has found it virtually impossible to compete for, and win, outside contracts, an area where the government was particularly looking for the company to succeed.

The company is also known to be irked that the government is thinking of raising the licence fee at a time when the volume of work it is offering is declining. Last year, DML paid the government £18m as a management fee; the ministry wants to raise that substantially.

DML sees this as Alice-in-Wonderland economics because it argues that part of the fixed cost of production is an asset charge. The value of the assets is a function of the business the company can do profitably by using those assets. Strong market demand gives the assets a high value; no demand and the value of the assets is diminished (even, notionally, to nothing).

It is the ministry which owns the assets but it values them on their historic cost combined with replacing them, a valuation which results, it is claimed, in disproportionately high dock charges. So long as DML is only undertaking government work these high dock charges do not matter because the company recovers the high fees in the prices it charges the ministry.

But these same high prices prevent the company from competing on the the private market for other work. DML is finding itself priced out of the market and having to rely to a greater extent than it would wish on that proportion of its business that comes from the government.

To cope with high inflation and low demand most companies are writing down dock values yet DML's has been increased by 30 per cent since it took over the contract in 1987. DML says this puts it at a distinct disadvantage compared with other yards. "If DML is to win commercial work to reduce prices for MoD work, the basis of asset charging must be changed," he says.

There are other points at issue. DML sees the fixed cost of running the contract – about £20m a year – fairly constant at a time when the workload has halved, thereby doubling the fixed-cost element in the cost of labour. Although DML claims to have improved productivity the cost of refitting warships has gone up.

Another area of disagreement concerns pricing policy. Because defence work varies the ministry is unwilling to agree an estimate of sales for DML. Yet since any business must have this, a provisional figure is agreed between the two which results in a provisional cost per manhour.

Towards the end of the year the actual sales and costs are worked out and prices on MoD contracts are adjusted to take into account the real figures.

So far as government work is concerned, this is acceptable, as in the matter of dock charges. But it is completely unacceptable for commercial work. No company would deal with DML using provisional prices so DML either has to take the risk and quote non-adjustable fixed prices – or not bid at all. It is because of this that the company is having difficulty in finding additional work from the private sector.

These factors are seen as important limitations in DML's ability to generate outside work and profits. They will almost certainly be raised with the government when the question of an extension of the licence is being discussed. The actual licence period in any case needs reviewing. No company would ordinarily work on the basis that it might lose the contract after seven years.

Anthony Moreton

Workforce returns to the schoolroom

Retraining to survive

Business is investing in its people, writes Deborah Hargreaves

PLYMOUTH is laying a heavy emphasis on training and education in order to attract a major new employer to replace the declining dockyard. For this reason, a group of businessmen pushed for the region to set up one of the country's first Training and Enterprise Councils (Tecs) as part of a government initiative to co-ordinate training policies and introduce market discipline to training.

"It is my job to try and change attitudes and culture which is a long haul," explains Mr John Mannell, chief executive of the Devon and Cornwall Tec, "but we can start by encouraging business to devote more time and effort to training."

Plymouth's long association with the dockyard and the Navy as its key employer has drained the region of an entrepreneurial culture. But the dockyard is soon to cut its workforce to 4,500 from a peak of 20,000 10 years ago, and the need to attract new investment is pressing.

This puts the focus on retraining dockyard workers and making sure that school leavers have the sort of hi-tech skills that new businesses are looking for.

In an effort to tailor the city's skills more closely to the needs of the marketplace, the Tec is pioneering the introduction of training vouchers this year – one of the first of many similar initiatives across the country – which will allow it to devote more funds to training for skills that are in short supply.

The vouchers put different values on varying types of training which gives the Tec a way of encouraging young people into shortage areas. While all 15-year-olds in the Plymouth area this year had their first package of training credits which entitle them to a free interview with a careers service, the operation of the full scheme is still being drafted.

There is a risk that school leavers will be disappointed at receiving a different monetary value for their training credits than some of their colleagues and this could lead to difficulties in implementing the scheme. For this reason, a removal of any face value from the vouchers is under consideration. The idea is that the Tec will allocate more money to training courses for much-needed skills and for periods of longer study.

As part of an effort to attract new investment to the area, Plymouth is targetting hi-tech electronics companies and companies in the biotechnology, healthcare and precision engineering spheres. These industries demand a fairly high level of sophistication among the vast majority of their employees.

The Tec can help draw business to the region by providing a tailored training plan for an individual company and picking up part of the bill. Mr Mannell is currently talking to Harris Semiconductors, a Florida-based concern which makes electronics for car computers, communications and satellite applications. It is bringing 700 jobs to Plymouth in the next two years as part of a £165m investment.

While Harris will be looking to attract top designers from other parts of the country – stressing the high quality of life available in the region – it is looking for a fairly high skill level among the broad workforce. The Tec can negotiate a training course with the local polytechnic or College of Further Education which will cover the company's needs, and then partly fund it through the voucher scheme.

The Tec is funded to the tune of £43m a year, of which it devotes £20m to youth training, £10m to business support, and £10m to retraining. In Plymouth, retraining plays a key role in the Tec's function. This can range from six-monthly courses to prepare the long-term unemployed for work again, to a couple of weeks to instil confidence in returning mothers or highly-skilled computer personnel that have been laid off by the dockyard.

The Tec is due to start this part of its operation next April when it will probably focus on women returners. The flexibility to change retraining programmes with the type of people it is handling is an important benefit to the new Tec, Mr Mannell believes, since under previous legislation, workers would have had to be unemployed for six months before being able to start retraining.

In fact, one of the advantages of the new approach to training has fostered a closer spirit of co-operation among the Plymouth business community. Employers are looking to establish courses that will be accredited by the Tec and paid for with training vouchers. Large companies will also offer to train workers for smaller ones.

The local Chamber of Commerce that previously ran the Plymouth Skills Centre has joined ranks with the College of Further Education to provide training resources for the Tec's school leavers. The courses offered will focus on service skills for a range of employees.

Mr David Moon at the chamber believes that service skills are extremely important in providing an infrastructure for incoming businesses. While Plymouth has had some success attracting large companies to set up units in the city, the city fathers' big dream is to encourage a major concern – probably in the service sector – to base its headquarters there. This effort will be aided by being able to provide an awareness of service among many young people.

Another product of the closer relationship among the business community is the city's Compact which went into operation in September. This is a partnership between industry and local schools based on an initiative started in the US.

In conjunction with teachers, the Compact sets certain goals for pupils to meet – these are not always academic and one of the most important ones is a good attendance record, for example. These are tailored to an individual's performance and if the pupil meets them, he or she can be assured of a job with one of the Compact companies.

So far, three schools are involved in the Compact scheme which will extend to 11 schools next year and all of the city's schools in its third year of existence.

Heritage areas cramp developers' style, writes **Anthony Moreton**

Wanted: room to expand

PLYMOUTH's 11 miles of waterfront are more than enough to make any developer drool with excitement. Unfortunately, its ability to exploit its potential is severely limited.

Part, especially the Hoe, is on a par with heritage land and will never come on the market; part includes the Barbican, which has already been turned into a major tourist centre; part is the fish docks in Sutton; and part is Ministry of Defence land where good intentions often come to naught in the face of anticipated future defence needs. What is left for potential development is therefore much reduced.

Mr Michael Boxall, Plymouth's chief executive, agrees that the situation is difficult. "We are trying to create a city where people want to work and do business. But we are short of land, especially industrial land, on which to create that work," he says.

One of Plymouth's problems is its geography. To the north, the next district, South Hams, jealously guards its countryside; to the west, the River Tamar prevents expansion into Cornwall; and to the south is the sea.

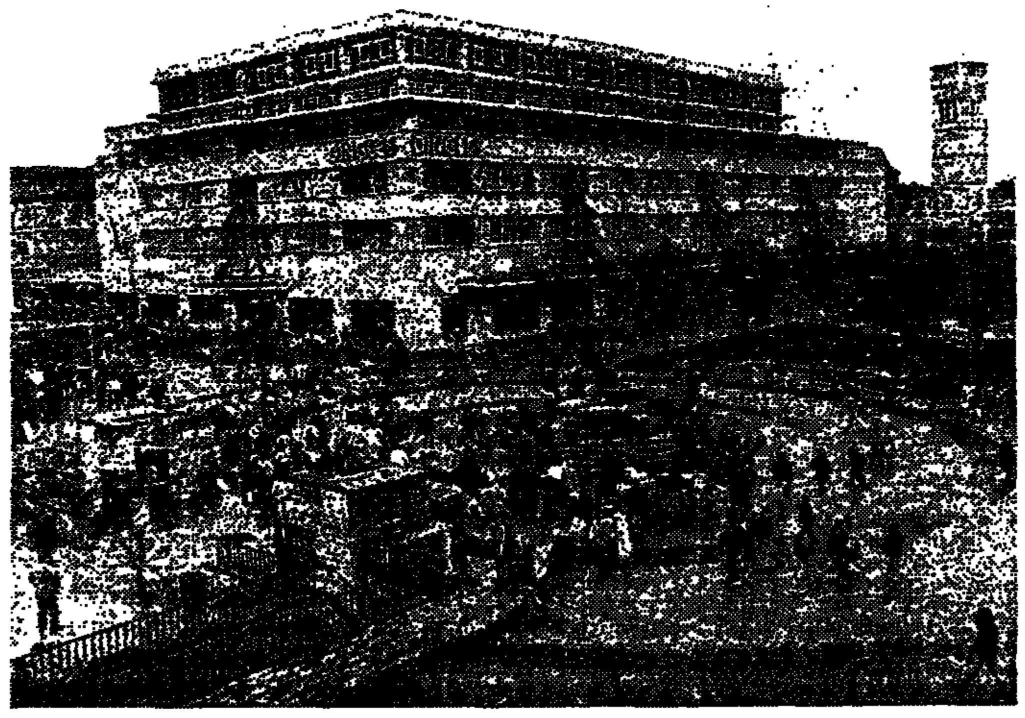
South Hams is not totally opposed to co-operating with Plymouth. Companies such as Harris and Plessey are both outside the city's boundaries. However, it is extremely difficult to find development land within Plymouth. Yet it is badly needed if the city is to attract the newcomers essential to balanced growth.

"There is land for industry," says Mr Graham Jones, Plymouth's estates surveyor. "But if we are to continue to attract more incomers then we need more land. On the service side, we can find space for a 50,000-60,000 sq ft block but above this we would have to look outside the city centre."

Mr Steve Lobb, of Chesterton, the estate agent, is more critical. "Plymouth's problem", he says, "stems back to rebuilding after the second world war when development was allowed in a haphazard way. Offices were spread around, intermingled with shops, civic buildings, flats, motor dealers and pensioners' flats.

"There is no real office heart to the city," he asserts. "This problem is compounded by too many old buildings which depress rents and make it, in turn, less attractive to induce developers in to put up new, or refurbish old, buildings."

Nevertheless, Plymouth has joined in the provincial boom of the past few years and top-class office projects can command £15 a sq ft for a pre-let with well-located 1960s buildings now getting £12-13.



Dingles department store, New George St: rising from the ashes

Estate agent Steve Lobb — seeking the sites

This burst of growth, says Mr Lobb, has led the institutions to query whether much more growth remains to be tapped within the market. But with only one purpose-designed air-conditioned office in the city that may be an over-pessimistic view.

If city-centre office development has been curtailed there has been a lot of building in out-of-town locations, especially at the intersections with the A38 expressway running across the north of the city, a road that links the M5 motorway with Cornwall across the Saltash bridge.

There are perhaps 250,000 sq ft of B1 offices being built on these sites, the new redbrick revolution so common around Britain, and they are commanding good rents of around £13. The unsatisfied demand within the city centre, amounting to about 400,000 sq ft, is sustaining this out-of-town price.

Plymouth also needs to bring its shopping centre up to date. "The city is in a time warp," alleges Mr Lobb. "The city centre today is, with few exceptions, the same as it was in the 1950s when it was rebuilt after war-time bombing."

The heart of Plymouth was then recreated on a grand scale, with wide, boulevard-type streets and a grid pattern offering easy access to the Hoe. Today, those streets are too wide, especially after pedestrianisation, offering little relationship between the sides. There is too little incentive for shoppers to cross over. Rental values on the north side of New George Street, says Mr Lobb, are perhaps double those on the south side. "That shows how the market views the situation."

The city council's Mr Graham Jones admits that retail developments have been "disappointing", though House of Fraser spent £13m on rebuilding Dingles department store after a fire. Plans for new arcades, galleria-type developments and other schemes came to the fore only recently, just as the market turned sour.

There are some very big schemes about, perhaps totalling £500m in all. P & O is still working hard to get a £150m scheme off the ground at Drake Circus. But plans by the Burton Property Trust to develop the Debenhams site at a cost of £200m into The Quays, covering 365,000 sq ft and anchored by a new Debenhams store and linked into Dingles, is very much on the backburner following Burton's withdrawal from property development.

Hardanger Properties of Kidderminster has just bought the headlease of Debenhams from Legal and General with the intention of developing itself but this is generally seen as a considerable risk for a company whose only other development of note has been Pride Hill in Shrewsbury. The consensus is that Hardanger will probably have to enter a joint scheme if it is to go ahead.

The city council sees a further development by Neale House Investments (part of Co-operative Insurance Services), costing £200m, and offering a net gain of 200,000 sq ft, at Colin Campbell Court as adding to the city's attractions. The market, however, tends to see this scheme as being just too far from the core of the shopping activity and one which is not likely to attract a worthwhile anchor.

Despite these reservations Plymouth remains an important shopping centre. At one time it was in the top 10 in Britain. It has slipped, though it is probably still among the top 20. That slide indicates just how much Plymouth needs to recoup.

Japanese step in where Europeans and British fear to tread

A quiet city's attractions

WHEN MURATA, a Japanese company which makes electronic components for ceramic capacitators, decided to move to Plymouth earlier this year, it contacted Texas Instruments, a large US semiconductors maker, that had closed its Plymouth operation several years before.

Murata wanted to know about the skills of the workforce and Texas Instruments could assure the Japanese that there would be a pool of people available with knowledge of the semiconductor industry. The US concern had made hundreds of employees redundant when it moved its European base from Plymouth to Portugal.

A level of skills in the labour force was one of the reasons why Murata was keen to move to Plymouth. One advertisement in the local newspaper provided the company with a stream of qualified employees for its initial needs of 70 people. It will take on 1,000 workers in the next five years as part of a plan to make Plymouth its European base.

The move by Murata to Plymouth was a coup for the Devon and Cornwall Development Bureau which attracts inward investment to the region from overseas. The company had already narrowed its choice for a European base to Scotland or the Netherlands, but, with the help of a retired Toshiba executive who is working for the bureau in Tokyo, the Bureau persuaded top officers from Murata to visit Plymouth.

Once in the city, they were shown suitable premises and available land for their operation and were introduced to various local executives who could assure them of the flexibility of the workforce.

Toshiba which makes all its European televisions in Plymouth and is about to invest £10m in an expansion that will add more than 200 new jobs, was the first Japanese operation to establish a single-union, no-strike agreement in the city, and Murata was encouraged by its success.

Another recent arrival in Plymouth is the Florida-based Harris Semiconductors, which plans to create 700 jobs in the next few years as part of a £165m investment. Harris looked at eight countries before finally choosing Plymouth over Southern Ireland. It was encouraged by the availability of the site in Plymouth as well as the quality of life in the region.

Wrigley's plant on the rural outskirts of Plymouth — a place to ruminate on the West Country attractions

These companies are some of the success stories in the region's bid to attract new investment, but Plymouth has drawn subsidiaries of large companies rather than the more resilient headquarters developments. Since subsidiaries are often vulnerable to cuts in an economic downturn, the city also hopes to entice company decision-makers to its streets.

It is courting new businesses in the hi-tech electronics, healthcare, bio-technology and precision engineering fields. "We see these as booming industries of the future," says Mr Ian Jones at the Devon and Cornwall Development Bureau. "People may say that panel-beaters and sailmakers from the dockyard won't get jobs there, but they are not likely to find jobs anywhere using those skills."

While Plymouth has had some success in winning investment from the US and Japan, it has yet to attract a newcomer from Europe. The Swedish and German businesses in the city are there as a result of mergers and acquisitions rather than greenfield developments. Mr Jones reckons that German companies know the UK much better than their US and Japanese counterparts and are much firmer in their plans to go to a particular city.

Indeed, sometimes a knowledge of the city can militate against a relocation decision. Mr Jones believes that expatriates in the US capable of influencing a company's decision to move are often hesitant about Plymouth because they regard it as part of a holiday region lacking the resources for development. These people have often not been to the city for years, he says.

Plymouth can also be adversely affected by the perception of companies elsewhere in the UK. Mr Jones describes how a Japanese company was planning a joint venture with a UK partner based in the Midlands. The Japanese company wanted to base the joint project in Plymouth, but had a hard job convincing the UK partner even to look at the area. It decided that Plymouth would be no good for its type of business.

"This sort of experience underlines the necessity of selling Plymouth's image at home as well as abroad," Mr Jones says. "We've got more of a struggle than say, Scotland and the Northeast, because those areas are now perceived as places to do business."

One of Plymouth's biggest drawbacks in attracting new business has, in the past, been the complacency of some of the city's institutions. That is changing now as the grip of the Navy and the dockyard on the city's employment base recedes. Some business leaders even think the demise of the dockyard is good for the region since new industry will pay higher rates than the dockyard, and the necessity of attracting new business will foster more of an enterprise spirit.

In a bid to change perceptions in the UK about Plymouth's remoteness, local development offices are laying a heavy emphasis on the improvements that have been made to transport links with the rest of the country. Indeed as congestion in the Southeast brings that region to a standstill, Plymouth's relatively free streets are a good selling point.

And with the relentless move to the single market in Europe in 1992, Plymouth counts on becoming an important gateway for freight traffic to the rest of Europe.

Many UK companies, particularly those in the service industry, have already "discovered" Exeter by moving to the west country and Plymouth hopes that it too will benefit from the trend towards decentralisation.

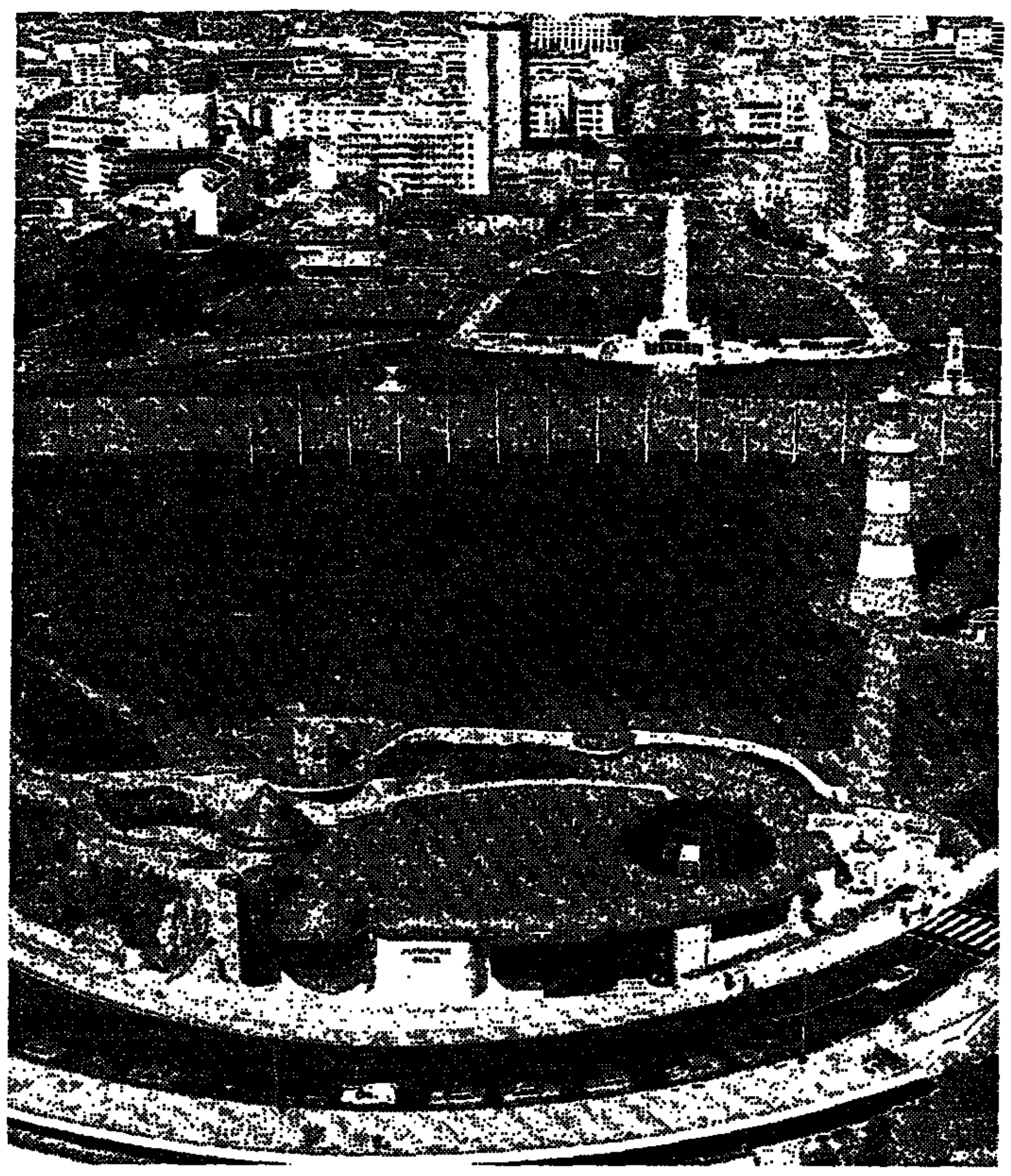
It continues to hope that it will become the headquarters of a major company currently based elsewhere in the country. The hope is heightened by fear that unless it attracts a solid base of new industry in the next few years, the decline of the dockyard will drag the city with it.

Deborah Hargreaves

KEY FACTS AND INDICATORS

Plymouth district population*	261,000
District population change, 1981-90	3.2 per cent
Devon county population, 1990	*996,067*
Unemployment (travel-to-work-area)	8.8 per cent
Unemployment by sector:	
Manufacturing industries	24%
High tech industries	12.5%
Distribution, hotels, catering	23.1%
Primary industries	3.5%
Banking, finance, business services	7.7%
Retail distribution	12.4%
Change in total employment, 1981-87	6.1%
Prime office rents, July 1990	£12 per sq.ft.
Industrial property rent, Jan.1990	£4 per sq.ft.
Retail property, April, 1989	£140 per sq.ft.
House prices, average**	£69,000
Regional average house price**	£80,000

* Local authority estimate; **figures for 1989.
Source: Property Intelligence, Town Focus



Plymouth Dome, the new £3m sea-front exhibition centre that brings the city's story to life for visitors of all ages

Despite facilities such as Ocean Court Marina (above) and the Moat Hotel (below), more accommodation will be needed to cope with the growing numbers of visitors sought by Plymouth

Pilgrim Fathers bring in the tourists

History becomes a money spinner

AS EVERY schoolchild knows, it was from Plymouth that the Pilgrim Fathers sailed in the Mayflower to the New World and where Sir Francis Drake played bowls on the Hoe before confronting the Spanish Armada.

Less well known is the fact that New Zealand was colonised from Plymouth, and Captain James Cook set out from there on his voyages to chart the world.

But the city has been slow to cash in on this rich heritage and often suffers by being confused with Portsmouth.

In a bid to publicise the city and its sea-faring traditions, the city fathers last year opened the Plymouth Dome on the Hoe as a visitor centre and a focal point.

Hitler's bombs left Plymouth city centre an almost featureless expanse of functional concrete very much in the traditions of the 1960s. This has robbed the city's residents of an identity with its history and stamped the impression in visitors' minds of a shopping centre and little else.

Plymouth was complacent about this until the demise of the Devonport dockyard, its traditional large employer, that it started to set its sights on tourism. Now, Plymouth is trying to establish itself as a centre for touring the beauty spots of South Devon rather than just a place for a wet day's shopping.

It hopes to benefit from a trend away from the traditional British seaside holiday and the growing demand for more stimulating pursuits. Plymouth is looking to cater for this new generation of tourists and embellish its image as a cultural centre which has never been strong.

The £3.5m Plymouth Dome was opened 18 months ago and is proving a huge success. It contains a replica of an Elizabethan street complete with smells of rotting vegetables and uses the latest audio-visual equipment to portray the hardships of the Mayflower voyage and Drake's circumnavigation of the world.

Its commanding view over the sea gives visitors an insight into today's sea traffic with the use of a colour TV camera under their control and full-scale radar to identify ships in Plymouth Sound.

The Dome, which has won a series of tourist accolades and attracted 325,000 visitors since it was opened last March, is part of a major scheme for the development of Plymouth's under-used waterfront which has been little-changed in 50 years.

Along with the reconstruction of Plymouth's picturesque 1930s pier, the council is considering building retail and office space along the water. It is looking at the use of water taxis to ferry people around and the construction of a new fishing complex which would free the old wharf in the historic Barbican area for tourist development.

All this does not mean that Plymouth is aiming to become another Brighton or Blackpool. "We're not going over-the-top," says Mr Roger Matthews, head of the city's Marketing Bureau. "The key to the future of the city is one of sensible, tasteful development that is balanced with local needs."

With a young, demanding population, Plymouth's city fathers have to tread carefully to meet the necessities of its local residents as well as the requirements of its growing tourist population. For this reason, a development like its Pavilions conference centre which encompasses a large leisure pool and ice-skating rink, will offer season and discounted tickets in a bid to attract local use.

The Pavilions marks Plymouth City Council's largest investment ever. The facility which will be opened next summer, has cost £25m of which £5m was supplied by a grant from the European Development Fund, and is designed to combine attractions for tourists, business and locals. "We started off wanting an all-weather attraction because when it rains in the summer, a large number of people come here looking for big city facilities." says Mr Matthews.

But the centre will prove important to the city's business community since it will form a much-needed conference venue for the Southwest. It will provide seating for up to 3,000 delegates as well as exhibition space and up-to-date TV and audio-visual equipment. The centre's management team has started to market its facilities and has already a garnered conference bookings to 1997.

One of the city's development strategies is to provide focal points as a spur to generate private investment and an economic spin-off for the surrounding area. The Pavilions is located on the city's slightly seedy western flank where two hotels have already announced major programmes for revamp and expansion on the back of the conference centre.

Plymouth has never been over-endowed with hotel space and it has few high-class hotels. The city fathers are hoping that the success of the Pavilions centre will draw more hotels to the city.

These efforts are paying off and spending by tourists has shown a steady increase in the last three years. In 1988, the amount of money spent by tourists who stay in the city matched that of day visitors for the first time. Both groups now spend just over £15m each.

Plymouth still has grand plans and the city fathers hope that future development will secure its position as a focus for the Southwest. In the next two years, the city plans to replace its aquarium with a vast marine centre along the lines of California's Sea World, aiming to create a fish display.

After that, the city will look at improving access to its tourist sites and directing visitors straight into the historic quarters. It is also looking at a mini-train to shuttle them between attractions.

Deborah Hargreaves

FINANCIAL TIMES
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COMMODITIES AND AGRICULTURE

Renewed Gulf fears lift oil price

By David Thomas, Resources Editor

RENEWED FEARS of war in the Gulf prompted a sharp jump in oil prices yesterday.

North Sea Brent crude for delivery in January closed $2.575 up at $33.175, one of the highest daily increases since the start of the Gulf crisis.

Oil markets had recently settled down in the expectation of a long stalemate in the Gulf, but prices moved sharply upwards yesterday after reports that on Thursday the UN Security Council would set Iraq a January 1 deadline for evacuating Kuwait.

Crude for January delivery was up $1.65 at $33.55 at midday trading on the New York Mercantile Exchange. Crude prices had earlier almost passed through the $34 mark before easing after profit taking.

Mr Nauman Barakat, senior vice-president of Merrill Lynch, said: "I think the market will move higher as we get closer to Thursday."

● Shell, the Anglo-Dutch oil company, yesterday announced the discovery of substantial quantities of gas below its offshore Champion field in Brunei.

EC set to extend dairy hormone ban

By Tim Dickson in Brussels

THE EUROPEAN Commission is set to extend its 15-month standstill on the use of the dairy hormone Bovine Somatotropin (BST) when the present moratorium expires at the end of the year.

No firm decision has yet been taken on how long the temporary ban on the milk boosting product should continue, but officials say the period could be anything between three and nine months.

BST – developed notably by the US multinationals Monsanto and Eli Lilly – has aroused fierce controversy in the European Community and inspired one of the most intensive lobbying campaigns of the last few years. Consumer groups, environmentalists and some farmers are among those who instinctively oppose its use but in the absence of any proven dangers industry sees the issue as a test case for keeping politics and non-scientific factors out of the EC's regulatory procedures.

Considerable attention has been focused on today's meeting of the EC's Committee for Veterinary Medicinal Products which is due to finalise opinions on Monsanto's Somatech product and Eli Lilly's Somidibove.

While the view of the committee – made up of independent scientific experts – will certainly be influential it is in no way binding and will not be the final word. The European Commission, crucially, is still drawing up its own report, which among other things will contain the results of studies into the impact of BST on animal welfare and the composition of milk products.

A key consideration for Brussels is to try to ensure the unity of the single market, to ensure the community speaks with one voice, and to avoid a situation where national Governments start taking unilateral decisions on BST.

The political pressure from all sides, however, is building up. West Germany – thought to be keen on the idea of an EC wide ban – is expected to raise the BST question at today's meeting of EC Agriculture Ministers and ask Mr Ray MacSharry, the EC's Farm Commissioner, about progress on the Brussels report.

The manufacturers, meanwhile, are becoming increasingly impatient about what they see as obstacles in the way of biotechnology developments in the EC. They received some comfort last week from the European Parliament when a majority of the 290 MEPs present voted against an amendment to include socio-economic criteria, the so called "fourth hurdle", in European Commission proposals for modifying the Veterinary Medicines directive.

Chicago fertiliser futures

THE CHICAGO Board of Trade has asked for approval from the Commodity Futures Trading Commission for a fertiliser futures contract, writes Barbara Durr in Chicago.

The contract, on diammonium phosphate, the most commonly used fertiliser, is designed to be used as a vehicle for hedging price exposure by fertiliser producers, wholesalers, retailers and large acreage farmers.

The US is the largest producer and exporter of diammonium phosphate, a solid granular product that is a key source of phosphate nutrients required in agriculture.

Production halted at platinum mine

By Philip Gawith in Johannesburg

PRODUCTION HAS ceased the Atok platinum mine, owned by Lebowa Platinum, a subsidiary of Johannesburg Consolidated Investments, following industrial action which culminated in the dismissal of the majority of the workforce last week.

A statement from Lebowa Platinum says that the 1,200 workers were dismissed as a result of ongoing illegal work stoppages. The remainder of the underground workforce, a further 300-400 workers, is engaged in an underground sit-in.

Other means of manning the mine are being examined, but "the possibility exists of a fairly lengthy shut-down of operations," the statement says.

JCI, which also control Rustenburg Platinum, the world's largest producer of the precious metal, is confident that it will be able to fulfil Lebowa's supply contracts. But current difficulties will only aggravate Lebowa's high production costs, which contributed to a 21.5 per cent decline in after-tax earnings in the year to June.

Analysts believe the $11.50 rise in the platinum price to $432.75 a troy ounce on Friday following news of the dismissals was *disproportionate given* that Lebowa is a small producer and the industry is faced with an oversupply situation that is likely to be exacerbated by planned capacity expansions. The price eased by 50 cents yesterday as some investors took profits.

Last week's dismissals followed similar incidents earlier in the year. The Lebowa management says they have resulted from the union and its members failing to honour assurances made then and terms of their recognition agreement with the company.

Mr Pat Retief, the chairman, commented in his annual statement in September that the "militant attitude" of a section of the workforce was hampering the achievement of production targets.

"This attitude appears to have motives other than the mere redress of industrial relations grievances. Management *has therefore found it very difficult to address the problem,"* he said.

A construction programme is under way at Atok to increase mill throughput from 50,000 tonnes a month to 70,000 tonnes, with the longer term aim being to reach 100,000 tonnes by 1992. Current production difficulties, however, mean that the mine is having difficulty achieving levels of 40,000-45,000 tonnes.

Machinery trade labours in bottom gear

A steep slide in sales has caused casualties among dealers as well as manufacturers

LAST FRIDAY Farmers' Weekly magazine published a pull-out supplement previewing next week's Royal Smithfield Show at Earls Court in London. Inside was a flashy full page colour advertisement for Sandersons, a Lincolnshire company that manufactures fork-lift tractors for use on farms.

The business section of the magazine proper, however, carried the news that Sandersons' bankers had last week called in the receivers.

It was just the latest in a long list of failures in the farm machinery business and summed up the sorry state of an industry that geared itself to meet rising demand during the expansionary 1970s but has since seen sales decline drastically. The last five years in particular have seen many mergers of big international manufacturers and some total withdrawals from the business as companies have sought to rationalise production. The downward trend of demand it seems is continuing.

According to the latest figures from the Agricultural Engineers Association new tractor sales in the UK in the first ten months of this year totalled 16,409, compared with 17,784 in the same period last year and 20,054 in 1988. The association's earlier forecast that sales would reach 19,000 by the end of December is unlikely to be fulfilled. During the 1970s annual tractor sales, which are a reliable barometer of the state of agriculture, were often over 30,000.

Inevitably the slide in sales has caused casualties among machinery dealers as well as manufacturers. Most notable

FARMER'S VIEWPOINT

By David Richardson

recently in my own region of East Anglia has been the complete withdrawal from the farm machinery trade this autumn of Eastern Counties Farmers, the region's largest agricultural co-operative. A few months previously Dalgety, the international farm supply conglomerate also pulled out of farm machinery.

A number of one or two-man repair shops have arisen from the ashes of such businesses and their low overheads and, perhaps, low expectations of profit for the time being may enable them to survive. Most, however, are not big enough or sufficiently well-financed to take on the role of major dealers or large stockists of spare parts and farmers are already experiencing difficulties in finding the components necessary to keep their ageing tractors and other machines working.

The machinery trade argues, somewhat predictably, that it would be more economic to replace such tackle with reliable new machines. But although some arable farmers have had a better year as a result of the surprisingly good grain harvest in most areas and the ideal weather in which it was gathered, much of the livestock sector has been decimated by falling prices in recent months and the whole industry is feeling shell-shocked.

The ex-farm price of beef cattle, for instance, has never recovered from the spring time scare over BSE, the cattle brain disease. Prices plunged in March when human food safety aspects were subjected to the most intense and emotional discussion and even though beef consumption has now returned almost to previous levels prices remain depressed.

That in turn has cut the demand for the younger cattle and calves that are fed to maturity to become prime beef. A year ago, for instance, good quality Hereford cross bull calves were averaging about £160 a head. Today they are fetching only half that, while the calves of dairy breeds, which are less suitable for meat production, are, in some cases, being almost given away.

The knock-on effects of all this, together with well publicised problems associated with the established export trade to France, has held lamb prices down to well below last year's levels. And the market for pigs, which usually rises in the pre-Christmas period as butchers prepare special joints and hams for the festive season, has gone into free-fall since the summer. The average dead weight price for pig meat peaked at around 140p a kilogram in June but is now not much more than 90p.

A complicating and as yet unquantifiable factor in all of this has been eastern Europe. It is known that significant quantities of meat from eastern Germany has come into the EC via western Germany, thereby increasing supplies to an already glutted market and reducing prices. It is thought, moreover, that meat from other newly democratised eastern European countries also found its way to the west in the understandable pursuit of hard currencies by those who produced it, also undermining EC markets.

Add to all of that the inflation in UK farm costs, which must be assumed to be on a par with the RPI, and current bank interest rates and it is clear that profits will be somewhat scanty on many farms this year. And then there is the threat of reductions in farm subsidies resulting from the the current round of talks in the General Agreement on Tariffs and Trade.

Indeed, those farmers who make the journey to London next week will be walking round the livestock and the trade stands at Earls Court at the same time as the Gatt negotiators in Geneva are seeking to agree further cuts in their incomes. The psychological effects of that, together with the very real decline in farm incomes, is hardly the atmosphere that would have been chosen by the organisers of the show.

They will undoubtedly take comfort, however, from the resilience of the industries they seek to serve. Entries of cattle, sheep and pigs to be judged as potential prime meat as well as carcasses are all at highly respectable levels; an indication perhaps that farmers are more concerned to prove their prowess at producing livestock than to show a profit.

Moreoever, similar priorities probably influence some of the machinery exhibitors who will be spending next week at Earls Court. Like most farmers they are owned by individuals or families whose entire lives have been devoted to their business. Such companies are prepared to tolerate negligible profits for a period because of their commitment to the industry, *unlike* some of the bigger names who see their return on capital from farm machinery dipping below pre-set targets and decide to get out and invest elsewhere.

Meanwhile, in spite of the depression that will dominate next week, Smithfield's reputation as the launching pad for new farm machines looks like being maintained. Several companies have announced new tractors, including one all-British model from JCB which travels at over 40 mph on the road. There will also be a new concept in towed combine harvesters, incorporating the so-called stripper header, which it is claimed will achieve 50 per cent more output than self-propelled harvesters at 60 per cent of the cost.

All that and much more will to try to attract reluctant buyers when the doors of Earls Court open for five days next Sunday. And one thing is certain – those few farmers who have money to spend will be made extremely welcome. If they have the good sense to avoid too much of the liquid hospitality they should also be able to negotiate some very competitive deals.

Brazilian court overturns ban on tin miners

By Victoria Griffith in Sao Paulo

MINERS ARE back at work at the Bom Futuro tin mine in the Brazilian Amazon, just a month after the federal police received orders to remove them from the area.

A higher court has overthrown a local court's decision to clear the miners from the area because of allegations that they were operating without government authorisation.

The incident involves a dispute between the public ministry, which would like the area to shut down, and the miners' *co-operatives in the area,* which have an understanding with the Brazilian Tin Company (Empresa Brasiliera de Estanho), a subsidiary of the mineral giant Paranapanema, which has legal mining rights over the area and would like to continue to work with the miners' co-operatives in Bom Futuro.

Bom Futuro once accounted for 60 per cent of Brazil's tin production, with an output of 2,000 tonnes a month. However, a law passed a few months ago prohibited the export of tin from unauthorised mines, closing the foreign market to Bom Futuro. With the mine now only able to sell locally, its output does not account for more than 10 per cent of the country's production, or 300 tonnes a month.

"This mine's indiscriminate tin production increased world stocks of tin dramatically and destabilised the international tin market," claimed Mr Elmer *Prata Salamao of the* government's department of mineral production. He said the mine was also environmentally irresponsible, clearing large tracts of jungle.

Less than 2,000 miners still work in the mine, down from a peak of 10,000.

The federal police have meanwhile completed a military initiative to close down all three tin mines previously active in the Yanomami Indian territory of Roraima.

The police dynamited the air strip which served the largest tin mine, Cassiterita, belonging to Mr Jose Altino Machado, head of the Coalition of Miners' Unions in the Amazon and a miners' rights militant.

The military invaded the other strips, "Nova Esperanca" and "Uatatas" in helicopters, confiscating the miners' equipment and burning their shelters.

According to the National Indian Foundation in Boa *Vista, a governmental agency* set up to protect the indians, some 200 tin miners were cleared from the area. The operation is part of President Fernando Collor de Mello's initiative to clear Roraima of miners operating illegally in land belonging to the remote Yanomami Indian tribe.

Together, the three mines were putting out 150 tonnes of tin per month. The exact amount of untapped tin resources in Roraima is unknown, but is thought to be very large. Most of the illegal mines in the area produce gold rather than tin.

Despite the government's claims to have closed down the mines, the non-governmental Commission for the Creation of the Yanomami Park and the local newspaper Folha de Boa Vista both claim mining activity is still strong. According to officials of these organisations, miners rebuild the air strips and camps quickly after the police move out. *As the air* strips are nothing more than dirt paths, and the miners' shelters just a few wooden poles covered with canvas, reconstruction is not difficult.

Mr Carlos Zacquini, an indian rights militant and Catholic priest who helped to found the commission, said the government's initiative has been nothing more than a show put on for foreign journalists.

Collor frees wheat market

PRESIDENT FERNANDO Collor de Mello of Brazil has signed a law freeing the country's wheat market from import restrictions and closing down the governmental Department of Wheat, writes Victoria Griffith. The legislation also eliminates the country's quota system for mills.

The Department of Wheat's wheat stocks, which were acquired to control domestic production, will now fall under the control of the Department of Supply and Prices, part of the Ministry of the Economy.

To protect the domestic wheat market, the Ministry of the Economy has established tariff system which could exact taxes on imported wheat of between 30 and 40 per cent. The price of local wheat is now about $140 a tonne while imported wheat sells for about $110.

The government says it wishes to protect the domestic industry from subsidised products from abroad.

WORLD COMMODITIES PRICES

MARKET REPORT

London robusta coffee futures closed sharply higher after a late rally on short covering and technical factors. London outperformed New York, where arabica futures had recouped earlier losses by midday. But traders said the late London rally might be short lived as it was not supported by any fresh fundamentals. New York March sugar moved above 10 cents a lb by midday as the market continued to derive strength from trade talk of Mexican cash market buying. On the London bullion market gold edged ahead on news that the US had asked the UN to set a January 1 deadline for the withdrawal of Iraqi forces from Kuwait. But the price was unable to breach overhead resistance around $388 a fine ounce, dealers said. In Chicago soyabean prices were well down by midday after comments by US Agriculture Clayton Yeutter dashed hopes of US food aid being offered to the Soviet Union. New York orange juice futures were well down at midday after disappointing demand statistics. On the LME lead continued to drift lower in the absence of fresh consumer offtake, traders said. Nickel rallied in the late afternoon after earlier losses on Far Eastern liquidation.

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$28.75-8.90v	+2.25
Brent Blend (dated)	$35.15-5.25	+3.05
Brent Blend (January)	$33.15-3.20	+2.575
W.T.I. (1 pm est)	$33.67-3.72v	+2.445

Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$325-330	+15
Gas Oil	$327-329	+21
Heavy Fuel Oil	$143-145	+5½
Naphtha	$320-325	+23½

Petroleum Argus Estimates

Other		+ or -
Gold (per troy oz)♣	$387.0	+2.75
Silver (per troy oz)♣	419c	+3
Platinum (per troy oz)	$432.25	-0.50
Palladium (per troy oz)	$93.60	-0.40
Aluminium (free market)	$1525	-20
Copper (US Producer)	122½c	-1½
Lead (US Producer)	50c	
Nickel (free market)	369c	
Tin (Kuala Lumpur market)	15.85r	-0.06
Tin (New York)	280c	-7
Zinc (US Prime Western)	70c	
Cattle (live weight)†	104.68p	-0.48*
Sheep (dead weight)†	141.72p	-1.87*
Pigs (live weight)†	71.36p	-2.99*
London daily sugar (raw)	$259.8w	-0.2
London daily sugar (white)	$313.0w	+2.0
Tate and Lyle export price	£240.5	
Barley (English feed)	£116	-2
Maize (US No. 3 yellow)	£162.5	
Wheat (US Dark Northern)	£81u	
Rubber (Jan)♥	51.00p	
Rubber (Feb)♥	51.25p	
Rubber (KL RSS No 1 Dec)	243.5m	-1.0
Coconut oil (Philippines)§	$385z	
Palm Oil (Malaysian)§	$355u	+5
Copra (Philippines)§	$265x	
Soyabeans (US)	£134.5	+0.5
Cotton "A" index	82.85c	
Wooltops (64s Super)	404p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Nov/Dec. t-Feb. u-Dec v-Jan. w-Dec/Jan z-Jan/Feb. x-Mar. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
Mar	222.80	224.80	226.60 222.00
May	223.00	225.20	226.00 222.60
Aug	225.00	226.00	226.40 224.00
Oct	225.60	226.00	227.00 223.00
White	**Close**	**Previous**	**High/Low**
Mar	307.0	308.0	310.8 306.0
May	307.0	308.0	310.0 307.0
Aug	311.0	311.5	314.5 310.5
Oct	294.0	293.5	298.0 293.0
Mar	292.0	290.5	298.0 294.0
May	293.5		297.0 295.5

Turnover: Raw1538 (1882) lots of 50 tonnes. White 1656 (262)
Paris- White (FFr per tonne): May 1598, Aug 1591, Oct 1510.

CRUDE OIL – IPE $/barrel

	Close	Previous	High/Low
Jan	32.82	31.00	33.50 32.80
Feb	31.26	29.88	32.00 31.25
Mar	29.85	28.50	30.35 30.00
Apr	28.50	27.00	28.95 28.50
IPE Index	30.61	29.58	30.61 29.58

Turnover: 14546 (12768)

GAS OIL – IPE $/tonne

	Close	Previous	High/Low
Dec	309.50	288.50	315.50 300.00
Jan	294.75	276.00	302.00 287.75
Feb	277.75	260.50	285.00 275.00
Mar	260.00	242.25	264.00 260.00
Apr	246.00	229.25	251.00 246.00
May	244.75	227.50	245.00

Turnover 13008 (8367) lots of 100 tonnes

TEA

There was strong and widespread demand, reports the Tea Brokers' Association. Better quality Assams showed appreciable gains in price while mediums advanced by fully 5p/kg and plainer kinds also tended dearer. A limited selection of Bangladesh teas sold at more than 10p above last rates. Bright liquoring Africans remained firm with medium descriptions a strong feature and often 5p dearer. Plainer sorts showed little change. Ceylons met good competition at firm rates. Offshore teas opened to a limited enquiry but later attracted improved support with prices steady. Quotations: quality 215p, medium 137p, low medium 85p.

COCOA – London FOX £/tonne

	Close	Previous	High/Low
Dec	699	699	701 693
Mar	748	747	752 742
May	774	773	777 770
Jul	795	795	799 794
Sep	815	814	818 813
Dec	837	835	842 836
Mar	861	861	864 859

Turnover: 3715 (4819) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Nov 22 998.01 (990.52) 10 day average for Nov 23 932.14 (919.77)

COFFEE – London FOX £/tonne

	Close	Previous	High/Low
Nov	590	570	588 565
Jan	607	582	610 579
Mar	578	564	575 569
May	577	566	576 563
Jul	589	583	586 576
Sep	603	600	600 594
Nov	620		609

Turnover:7162 (1525) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Nov 22: Comp. daily (69.28). 15 day average (69.75)

POTATOES – BFE £/tonne

	Close	Previous	High/Low
Feb	94.0	92.0	90.0
Apr	143.5	146.5	146.0 142.5

Turnover 209 (50) lots of 40 tonnes.

SOYAMEAL – HI-PRO £/tonne

	Close	Previous	High/Low
Jun	118.50	119.00	118.50
Aug	119.50	119.50	119.50

Turnover 50 (155) lots of 20 tonnes.

FREIGHT FUTURES – BFE $10/index point

	Close	Previous	High/Low
Nov	1325	1320	1334 1325
Dec	1343	1320	1335 1320
Jan	1312	1291	1310 1295
Apr	1271	1248	1271 1255
Jul	1046		1045
BFI	1317	1312	

Turnover 207 (70)

GRAINS – BFE £/tonne

Wheat	Close	Previous	High/Low
Jan	119.85	120.05	120.05 119.95
Mar	123.35	123.70	123.70 123.40
May	126.80	127.05	127.00
Barley	**Close**	**Previous**	**High/Low**
Jan	116.95	117.05	
Mar	120.30		

Turnover: Wheat 22 (240), Barley 0 (98). Turnover lots of 100 tonnes.

PIGS – BFE (Cash Settlement) p/kg

	Close	Previous	High/Low
Jan	87.0	86.0	86.5
Feb	88.5	87.0	88.0
Mar	92.0		91.0

Turnover 17 (8) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)					Total daily turnover 15,958 lots	
Cash	1540-2	1554-6		1523-4		
3 months	1575-7	1586-8	1580/1557	1560-1	1580-1	60,264 lots
Copper, Grade A (£ per tonne)					Total daily turnover 17,299 lots	
Cash	1308-5	1304-6	1302/1296	1298-9		
3 months	1316-7	1314-5	1317/1307	1309-10	1317-8	106,658 lots
Lead (£ per tonne)					Total daily turnover 1,290 lots	
Cash	342.5-4.5	344-6		344-5		
3 months	350-0.5	352.5-355-6	353/346	351.5-2	345-6	10,977 lots
Nickel ($ per tonne)					Total daily turnover 1,690 lots	
Cash	8000-10	8050-100	7930/7910	7930-40		
3 months	7875-900	7950-75	7950/7750	7800-10	7925-50	7,593 lots
Tin ($ per tonne)					Total daily turnover 1,670 lots	
Cash	6015-35	6090-100	6020	6020-30		
3 months	6030-50	6085-90	6060/6020	6035-40	6035-6	9,172 lots
Zinc, Special High Grade ($ per tonne)					Total daily turnover 3,905 lots	
Cash	1275-6	1295-300		1275-7		
3 months	1266-8	1279-80	1280/1265	1264-5	1283-5	18,940 lots

LME Closing £/$ rate: SPOT: 1.9647 3 months: 1.9402 6 months: 1.9240 9 months: 1.9058

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	386¾-387¼	197-197½
Opening	384¼-384¾	195-195½
Morning fix	387.05	196.472
Afternoon fix	388.90	196.665
Day's high	387½-388	
Day's low	384¼-384¾	

Coins	$ price	£ equivalent
Mapleleaf	398-403	203-206
Britannia	398-403	203-206
US Eagle	398-403	203-206
Angel	398-403	203-206
Krugerrand	385-388	196-198
New Sov.	91-92	46¼-47
Old Sov.	91-92	46¼-47
Noble Plat	437.40-444.40	222.35-225.90

Silver fix	p/fine oz	US cts equiv
Spot	213.00	419.00
3 months	219.90	427.15
6 months	225.40	435.45
12 months	238.85	451.60

TRADED OPTIONS

Coffee	Jan	Mar	Jan	Mar
550	64	46	7	19
600	31	22	24	45
650	13	10	56	83
Cocoa	**Mar**	**May**	**Mar**	**May**
700	72	102	25	28
750	45	73	48	49
800	28	52	81	78
Brent Crude	**Jan**	**Feb**	**Jan**	**Feb**
2900				
2950				
3000		420	430	

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Nov	388.1	383.7	385.0	385.0
Dec	388.7	384.5	388.7	386.5
Jan	389.5	386.3	389.5	389.5
Feb	390.7	387.5	392.0	389.4
Apr	392.8	390.6	394.8	392.3
Jun	396.2	394.0	396.2	396.0
Aug	399.4	397.2	399.0	399.0
Oct	402.7	400.5	0	0
Dec	406.0	403.8	407.0	405.0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Dec	424.0	0	426.0	425.0
Jan	427.0	429.7	433.5	426.2
Apr	431.0	433.9	436.5	431.5
Jul	435.0	437.9	441.5	439.0
Oct	439.0	441.9	446.2	446.2

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Nov	414.9	412.6	0	0
Dec	415.2	413.0	422.0	415.0
Jan	417.2	415.0	0	0
Mar	424.1	421.8	431.0	424.0
May	430.0	427.7	435.0	431.5
Jul	435.9	433.4	440.0	437.0
Sep	441.7	439.1	443.0	442.5
Dec	449.9	447.3	456.0	450.0
Jan	452.1	449.5	0	0
Mar	458.7	456.0	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Nov	117.80	118.00	117.80	116.75
Dec	116.45	115.80	116.80	114.90
Jan	115.20	114.30	115.30	114.00
Mar	112.75	111.80	113.00	111.00
Apr	111.70	110.50	0	0
May	110.30	109.00	109.40	108.90
Jun	109.40	107.95	0	0
Jul	108.65	107.30	107.80	107.30
Aug	107.80	106.40	0	0
Sep	107.05	105.60	106.30	105.80

CRUDE OIL (Light) 42,000 US galls $/barrel

	Close	Previous	High/Low	
Jan	32.95	31.90	34.25	32.90
Feb	31.88	30.27	33.00	31.75
Mar	30.58	29.44	31.80	30.30
Apr	29.33	28.61	30.85	29.40
May	28.28	27.69	29.80	28.85
Jun	27.41	26.93	28.80	27.70
Jul	26.74	26.35	28.00	26.70
Aug	26.23	25.90	26.00	26.00
Sep	25.79	25.52	27.75	25.50
Oct	25.41	25.19	26.26	25.40

HEATING OIL 42,000 US galls, cents/US galls

	Close	Previous	High/Low	
Dec	9236	8966	9600	9220
Jan	9215	8834	9434	9200
Feb	8929	8535	9133	8900
Mar	8400	8058	8635	8400
Apr	7910	7608	8200	7950
May	7560	7293	7800	7600
Jun	7340	7098	7300	7300
Jul	7236	6998	7436	7350
Aug	7250	7023	7450	7365
Sep	7340	7118	0	0

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Dec	1310	1313	1318	1295
Mar	1357	1367	1365	1340
Jul	1430	1438	1432	1420
Sep	1465	1473	1482	1452
Dec	1499	1507	0	0
Mar	1525	1542	1525	1512

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Dec	85.30	82.15	85.30	81.70
Mar	88.20	85.70	88.25	86.20
May	90.40	88.10	90.60	87.70
Jul	92.50	90.45	92.60	90.15
Sep	94.30	92.60	94.25	92.50
Dec	97.05	95.50	96.00	95.80
Mar	99.05	98.00	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	10.00	9.83	10.16	9.86
May	10.03	9.84	10.15	9.86
Jul	10.03	9.83	10.13	9.99
Oct	10.03	9.81	10.13	10.03
Mar	10.04	9.89	10.14	10.11

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Dec	75.38	74.97	75.75	75.07
Mar	73.85	73.93	74.42	73.70
May	73.80	73.93	74.35	73.75
Jul	73.85	74.00	74.60	73.80
Oct	67.85	67.69	67.70	67.70
Dec	65.24	65.23	65.45	65.23
Mar	66.03	66.06	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jan	107.85	113.60	112.60	106.65
Mar	109.75	114.75	114.25	109.75
May	110.60	115.20	113.90	110.60
Jul	111.00	115.20	111.00	111.00
Sep	111.00	115.20	111.75	111.75

INDICES

REUTERS (Base: September 18 1931 = 100)

Nov 26	Nov 23	mnth ago	yr ago
1706.0	1705.9	1714.9	1838.5

DOW JONES (Base: Dec. 31 1974 = 100)

	Nov 23	Nov 22	mnth ago	yr ago
Spot	123.86	-	126.92	131.08
Futures	125.21	-	127.78	132.41

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Jan	578/4	582/0	586/0	571/2
Mar	590/2	595/4	599/0	586/0
May	604/0	608/4	613/0	599/0
Jul	616/0	619/6	624/0	610/0
Aug	615/4	620/0	624/0	613/0
Sep	609/4	611/4	614/0	607/0
Nov	608/2	611/0	613/4	605/2

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Dec	20.24	20.33	20.55	20.03
Jan	20.61	20.56	20.82	20.39
Mar	20.96	20.93	21.14	20.66
May	21.32	21.30	21.50	21.03
Jul	21.45	21.53	21.75	21.33
Aug	21.42	21.52	21.80	21.35
Sep	21.47	21.56	21.85	21.40
Oct	21.55	21.67	21.55	21.40

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Dec	173.2	175.3	175.9	171.8
Jan	175.8	177.9	178.9	174.6
Mar	179.7	181.7	182.3	178.4
May	181.9	183.3	184.5	181.0
Jul	184.8	185.6	187.0	184.0
Aug	185.5	186.7	189.0	185.5
Sep	184.5	186.0	188.0	184.5

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Dec	218/6	222/4	223/2	218/0
Mar	230/4	233/4	234/4	229/6
May	239/0	241/6	243/2	238/4
Jul	245/6	248/4	249/2	245/4
Sep	246/6	248/6	250/0	246/4

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Dec	243/4	248/6	249/0	242/6
Mar	260/2	264/6	265/2	259/0
May	268/0	274/0	274/4	267/4
Jul	275/6	281/4	281/4	275/0
Sep	281/4	286/4	282/0	281/2
Dec	293/4	297/4	298/0	292/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Dec	79.75	79.35	79.77	79.10
Feb	76.80	76.37	76.85	75.92
Apr	76.62	76.12	76.67	75.95
Jun	74.25	73.90	74.30	73.85
Aug	72.55	72.32	72.75	72.25
Oct	72.50	72.30	72.75	72.40
Dec	73.00	72.90	73.00	72.80

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Dec	52.02	53.45	53.08	52.00
Feb	50.25	51.67	51.45	50.17
Apr	47.75	48.55	48.40	47.60
Jun	51.65	52.55	52.35	51.60
Jul	52.20	52.95	52.30	52.00
Aug	50.50	51.22	50.60	50.22
Oct	45.25	46.00	45.57	45.25

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	69.40	71.40	70.50	69.40
Mar	69.10	71.10	70.60	69.10
May	69.50	71.50	71.00	69.50
Jul	68.42	70.42	68.92	65.42
Aug	66.10	67.90	66.50	65.95

LONDON STOCK EXCHANGE

Early gains reversed by Gulf worries

THE GULF situation returned yesterday to overshadow a UK stock market preoccupied for more than a week by the internal debate in Britain's ruling Conservative party. An attempt to build on the 5 per cent advance in equities achieved over the past five trading sessions foundered when crude oil prices rose sharply following reports that the US wants the United Nations Security Council to set a January 1 deadline for an Iraqi withdrawal from Kuwait.

Brent crude for January delivery jumped by more than $2 a barrel in London in the face of the apparent shortening of the timescale for possible hostilities in the Middle East and early gains on the stock market were swiftly reversed.

Equities had opened firmly as market traders marked prices higher on the expectation that equities would extend last week's substantial gains. With the contest for leadership in Britain's ruling Conservative party advancing more calmly, both the City and the weekend press had predicted that domestic interest rates would be cut as soon as the new prime minister was comfortably in the saddle. A warning from the Confederation of British Industry that the recession in the UK will be deeper and longer than either the government or the City has forecast buttressed belief that base rates will be cut sooner rather than later, in order to stimulate the domestic economy.

Account Dealing Dates		
*First Dealings:		
Nov 19	Dec 10	Dec 31
Option Declarations:		
Dec 6	Dec 27	Jan 10
Last Dealings:		
Dec 7	Dec 28	Jan 11
Account Day:		
Dec 17	Jan 7	Jan 21

*New-time dealings may take place from 8.30 am two business days earlier.

However, dealers had already heard on early morning radio of the hardening of US attitudes towards the Gulf and there was little support for the initial upturn in share prices. When crude oil prices turned upwards equities backed away quickly and there was a rush to take profits on the back of last week's advances. A number of market makers emphasised that there were substantial profits there to be taken.

At its lowest, the FT-SE Index was more than 21 points off, but a stand was made just below 2,150 and the London market closed off the bottom, despite a fall of 26.49 in the Dow Industrial Average in UK trading hours. The final reading showed the FT-SE Index at 2,151.9 for a net loss on the day of 18.6 and a surprisingly large turnround of some 40 Footsie points during the session.

The erratic trend in the market was mirrored by the performance of interest-related stocks such as stores and builders, where small gains were replaced by losses during the session.

At the early morning peak, equities were within nine points of FT-SE 2,200 a level last seen briefly on October 8 and regarded as around the top of the current trading range.

"Nevertheless, our preferred buying level remains below 2,100," said strategists at Barclays de Zoete Wedd in a review of the outlook for equities.

Many market analysts remain cautious over the near term outlook which is expected to bring increasing evidence of the damage wrought on UK companies by recessionary pressures. Mr Robin Aspinall of Hoare Govett commented that if sterling was really going to cross the DM 3.00 level, then interest rates could be down by perhaps 2 per cent. However, he feared that the present market phase could be a "consolidation within a downtrend" and that FT-SE 1,880 was still a possibility.

Seaq turnover was moderate yesterday, with 345.7m shares traded against 478.8m on Friday. Trading volumes had increased last week as some institutions bought stock and marketmakers struggled to keep trading books in balance.

FINANCIAL TIMES STOCK INDICES

	Nov 26	Nov 23	Nov 22	Nov 21	Nov 20	Year Ago	1990 High	1990 Low	Since Compilation High	Since Compilation Low
Government Secs	82.51	81.88	81.79	81.30	81.10	83.64	84.20 (2/1)	74.13 (30/4)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	89.26	89.09	88.78	88.46	87.27	92.58	92.91 (8/1)	83.80 (30/4)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1698.6	1712.2	1672.2	1678.0	1667.1	1753.2	1998.3 (3/1)	1510.4 (24/9)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	158.7	155.3	156.0	155.2	155.7	300.0	378.5 (8/2)	155.0 (19/11)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2151.9	2170.5	2127.9	2128.3	2116.2	2224.3	2463.7 (3/1)	1990.2 (28/9)	2463.7 (3/1/90)	986.9 (23/7/84)
FT-SE Eurotrack 100	950.43	972.78	972.49	972.47♦	974.19	-	1000.00 (26/10)	948.81 (8/11)	1000.00 (26/10/90)	948.81 (8/11/90)
Ord. Div. Yield	5.88	5.63	5.77	5.76	5.76	4.86				
Earning Yld %(full)	11.88	11.78	12.06	12.06	12.03	11.58				
P/E Ratio(Net)(☆)	10.19	10.38	10.04	10.04	10.08	10.36				
SEAQ Bargns 4.45pm	26,707	26,153	26,952	24,126	24,405	22,918				
Equity Turnover(£m)†	-	731.78	872.65	800.79	883.96	836.92				
Equity Bargains†	-	24,189	24,554	22,339	23,823	23,178				
Shares Traded (ml)†	-	365.4	402.5	378.1	430.0	276.3				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 100 31/8/90. ☆ Nil 10.03 ♦Indicative.

Ordinary Share Index, Hourly changes — Day's High 1726.9 — Day's Low 1695.6

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1722.7	1724.8	1718.3	1708.1	1707.0	1703.2	1700.6	1697.2	1698.4

FT-SE, Hourly changes — Day's High 2191.7 — Day's Low 2148.9

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2184.9	2186.6	2174.6	2163.3	2162.0	2158.0	2155.6	2150.6	2151.1

FT-SE Eurotrack 100, hourly changes — Day's High 968.08 — Day's Low 949.47

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
968.06	965.28	962.61	958.88	958.56	953.85	950.65

GILT EDGED ACTIVITY

Indices*	Nov 26	Nov 22
Gilt Edged Bargains	174.0	226.4
5-Day average	153.0	140.2

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share index: Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ADT	48	110	-1	Cookson	277	98	-2	MEPC	786	514	-7	Smith & Nephew	2,200	107	-1
ASDA Group	1,100	127	-1	Courtaulds	1,100	328	-2	Manpower	174	48		SmKl Beecham	1,300	687	-10
Abbey National	2,900	227		Dalgety	448	350	+3	Marks & Spencer	2,700	236	-4	SmKl Beecham Uts.	280	2543	-35
Allied-Lyons	1,800	486	-6	Dixons	2,800	166	-2	Maxwell Comms.	733	144		Smiths Inds.	571	220	-8
Amstrad	881	67		ECC Group	1,500	322	-1	Midland Bank	1,100	199	-1	South West Water	687	264	-11
Anglian Water	988	283	-2	Enterprise Oil	521	629	-9	NatWest Bank	2,400	287	+2	Southern Water	943	283	-4
Argos	848	264	-4	FKI	434	51	-1	Next	4,100	25	-1½	Standard Chartd.	870	282	+4
Argyll Group	3,500	242		Ferranti	784	17		North West Water	1,400	258	-8	Storehouse	590	125	-1
Ass. Brit. Foods	17	405	-3	Fisons	1,500	370	-7	Northern Foods	348	350		Sun Alliance	1,000	329	-10
BAA	889	403	-3	Gen. Accident	1,400	503	+1	Northumbrian Water	628	274	-5	Sun Life	20	1053	+3
BAT Inds.	2,800	570	-6	General Elect.	2,400	182	-3	Pearson	229	655	-12	T&N	655	180	+1
BET	3,200	168	-14	Glaxo	1,200	780	-11	P & O	735	530	-4	TI Group	1,000	405	-3
BICC	682	348	+1	Glynwed Intl.	471	212	+2	Pilkington	2,100	158	-2	TSB	2,700	140	+2
BOC	881	592	+4	Granada	284	171	-1	Prudential	3,200	201	-4	Tarmac	1,300	246	-4
BPB Inds.	1,000	180	-5	Grand Met.	2,400	606	-11	RHM	882	273	-6	Tate & Lyle	3,000	284	-1
BTR	1,400	323	-1	GUS A	155	1127	-17	RMC	679	632	+2	Taylor Woodrow	208	200	-4
Bank of Scotland	1,700	116	-4	GRE	1,500	197	-3	RTZ	1,500	449	-8	Tesco	1,000	231	
Barclays	2,300	365		GKN	971	331	-1	Racal	3,700	181	-3	Thames Water	1,100	288	-1
Bass	489	1027	-10	Guinness	1,100	748	-5	Racal Telecom	318	276	-8	Thorn EMI	385	649	-8
Beazer	408	94	-2	Hammerson 'A'	8	665	-10	Rank Org.	1,000	625	+3	Trafalgar House	1,300	168	-8
Berisford Intl.	6	27		Hanson	6,800	198½		Reckitt & Colman	158	1231	-18	Trusthouse Forte	758	287	-3
Blue Circle	2,600	227		Hanson Warrants	591	38	-½	Redland	626	574	-6	Ultramar	717	338	-6
Boots	2,900	339	-5	Harrisons Crosfield	1,505	144		Reed Intl.	780	381	+1	Unigate	177	273	-1
Brit. Aerospace	2,400	522	-15	Hawker Sidd.	355	424	-9	Reuters	618	843	-21	Unilever	2,100	645	-12
British Airways	617	139½	-2½	Hillsdown	708	265		Rolls Royce	6,700	157	-7½	United Biscuits	2,200	318	-2
British Gas	8,600	235	-3½	IMI	493	210	-1	Rothmans	149	705	-5	Utd. Newspapers	206	311	+6
British Land	764	288	-7	ICI	1,300	905	-9	Ryl Bk Scotland	2,100	154	-5	Water Package Uts.	4	£2523	-49
BP	7,100	339	+4	Inchcape	296	250		Royal Insurance	1,000	415	+2	Wellcome	413	380	-15
British Steel	6,000	118	-1	Kingfisher	1,900	395	-9	STC	468	317		Welsh Water	385	277	+2
British Telecom	6,400	290	-4	Ladbroke	8,500	277	-1	Saatchi	133	36½	-½	Wessex Water	220	243	-10
Bunzl	122	67	+2	Land Securities	780	528	-12	Sainsbury	1,000	295	-2	Whitbread 'A'	1,100	452	+3
Burmah Castrol	155	480	+5	Laporte	115	495	-3	Scottish & New.	600	358	-5	Wiggins Teape	1,700	175	+1
Burton	4,100	87	-2	Legal & General	819	382	-3	Sears	7,600	91	-1	Williams Hldgs.	553	234	-2
Cable & Wire.	1,300	420	-3	Lloyds Abbey	691	333	-6	Sedgwick	12	229	-2	Willis Corroon	1,200	253	-3
Cadburys	926	333	+1	Lloyds Bank	1,200	293	+1	Severn Trent Water	1,900	226	-10	Wimpey	497	214	-8
Calor Group	202	215	-1	LASMO	1,100	424	+3	Shell Transport	5,100	454	+4	Yorkshire Water	148	269	-2
Carlton Comms.	1,600	329	+1	Lonrho	612	209	-4	Siebe	248	287	-4				
Coats Viyella	225	118		Lucas	1,000	129	-5	Slough Ests	391	244	-6				
Comm. Union	1,000	492	-6	MB Caradon	303	171	-1	Smith (W.H.) A	649	392	+3				

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 4.30pm.

Concern on sales hits BAe

BRITISH Aerospace (BAe) found no sympathy after a report said that Germany might pull out of the European Fighter Aircraft project. A separate news article indicated that there could be cuts in Saudi orders for Tornado fighters. BAe's share price, which began to ease early in the session as investors reacted negatively to the two reports, remained under pressure throughout the day.

Saudi Arabia was said to be reversing its previous decision to buy another batch of Tornado F3 fighters as a result of the British planes' alleged poor performance so far in the Gulf crisis. BAe has been badly hit by similar rumours on several occasions in the past. However, the fact that a UK government spokesman was given as the source of the latest report lent it a greater degree of credibility and BAe closed down 15 at 522p after heavy trading.

Mr Sandy Morris of County NatWest said that in pure profit terms the implications of a lost Saudi order are not that serious. Nevertheless, without a Saudi order for the fighters the production line is bound to come to a halt, and the consequent gap in production is a major negative factor.

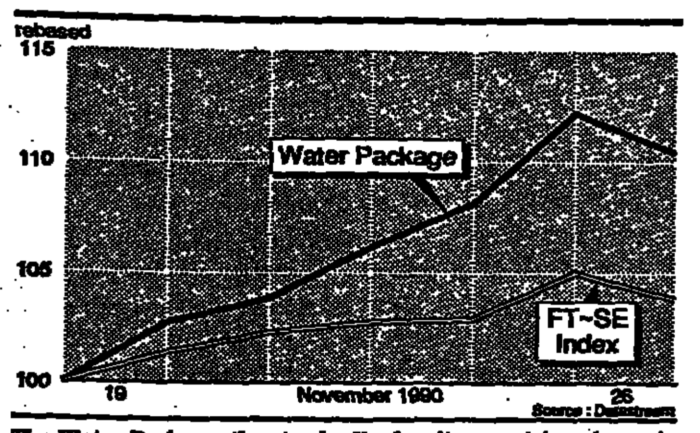
At the same time, a German withdrawal from the EFA project meant that in the long term, with the European project unable to get off the ground, the Americans would win a definite technological advantage.

Mr Morris, however, dismissed the implications of yesterday's news, which he said did not reflect the company's fundamentals. Various other sources have indicated that the British fighters have been performing very well in the desert. As for the possibility of German withdrawal from the EFA project, this has been raised on several occasions already and does not necessarily mean the project cannot go ahead. BAe has tended to be a news-driven issue anyway, Mr Morris pointed out.

Similar fate

Rolls-Royce met with a similar fate, declining 8 to 157p in active trading amid talk of the Tornado setback and a rumoured downgrading by Goldman Sachs. Rolls-Royce, which is as accustomed to talk of a cut in Tornado orders as BAe, was doubly hurt by rumours that Goldman Sachs, the US investment bank, had downgraded its shares. For Rolls-Royce, a downgrading by Goldman Sachs, said to be the only house that had maintained strong support for the aero-engines maker in its recent fall from City favour, was seen to be a major blow.

Other aerospace issues fell victim to the negative sentiment surrounding the sector, with Lucas closing down 5 at 129p and Smiths Industries losing 8 at 220p.



The Water Package, the standardised unit comprising shares in the ten UK water companies privatised last year, has responded sharply to the political events of the past week. The Package began to outperform the market as the prospect of Mrs Thatcher's replacement as Conservative party leader was seen as enhancing the government's electoral prospects and reducing the chances of an early reversal of privatisation by an incoming Labour government. The outperformance has widened since Mrs Thatcher made her decision, but the Package changed direction with the wider market yesterday to close £43 down at £2520, still leaving a gain of £235 over the past six trading sessions.

Tootal firmer

Textile manufacturer Tootal emerged from a prolonged drab spell when speculation about bid possibilities resurfaced. Coats Viyella was the logical candidate because it holds a formidable stake in Tootal of 29.9 per cent, a legacy from an aborted merger in 1989.

Coats is now allowed to bid again, if it wishes to do so, but Tootal also has a friendly relationship with Mr Cha Chi Ming, the Hong Kong-based textile and property businessman who owns 5 per cent of the Tootal equity.

Traders, however, remained sceptical of any predatory interest. They believe the activity was sparked off by short-term operators spotting in yesterday's official list more bargains than usual in the stock on Friday. Daily turnover for stocks other than Alpha are reported the following trading day. Tootal rose to 81p before settling 1¼ higher on balance at 79¼p.

Oil issues steered a steady course, apparently hardly ruffled by the sharp rise in oil prices, founded on speculation that the United Nations may respond to a US request to approve a basis for war in the Gulf. "The market is learning to live with the volatility of the oil market," one analyst observed.

Nevertheless, strong oil prices helped oil shares to outperform the rest of a weak stock market overall. Shell (454p) and BP (339p) appeared the soundest stocks in the sector, gaining 4 each. Analysts said their strong performance reflected the view that the major oil companies with integrated operations will be able to increase dividends in real terms, whether oil costs $20 or $35 per barrel.

British Gas receded 4 to 237¼p on profit-taking, after advancing strongly last week, having produced a better than expected dividend. Analysts said the stock is still yielding around 7 per cent this year, and earnings are likely to remain stable.

Among internationally traded pharmaceutical stocks, Glaxo and SmithKline Beecham led the market down, hit by profit-taking and losing 10 apiece. Wellcome fell 15 to 380p amid renewed concern that Bristols-Myers' anti-Aids drug Videx is set to take ground from Wellcome's Retrovir. Retrovir is considered vulnerable to competition because of alleged side-effects. One analyst also noted an article in a trade magazine reporting that Merck is close to bringing out its own anti-Aids drug.

BET lost 14 to 168p following press speculation that the company's pre-tax profits were bolstered by provisions. Among other internationally traded stocks, Unilever shed 12 and ICI lost 9.

Royal Bank of Scotland underperformed other banking stocks, which mostly ended flat. Analysts attributed Royal Bank's 5 fall to jitters ahead of full year results on Thursday. TSB, which had been lagging, gained 2.

Thorn EMI fell 8 to 649p in the wake of news that Matsushita, the Japanese electronics giant, was paying less than expected for MCA, the US entertainment group.

Although analysts declined to link Thorn's loss directly to the news, there was agreement that after its recent run, which was based on demerger hopes surrounding its music business, the fall was not surprising.

The demerger talk from Racal and Matsushita's move to acquire MCA had heightened such hopes, together with the feeling that there was considerable unrealised gain in Thorn's music business, said Mr David Grimbley at Hoare Govett. "There is nothing to send it up now," commented another analyst.

Acorn Computers managed to buck the downtrend as the market was excited by speculation that it was in talks with Apple Computer. Acorn later confirmed it was discussing the possibility of forming a joint venture company with Apple to develop reduced instruction set computer technology. Acorn closed with a gain of 5 at 12p.

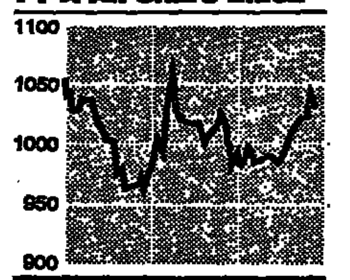
Grand Metropolitan lost firmness as the price gave back part of Friday's sharp gain, the result of a squeeze on traders' short book positions. The shares ended 11 off at 606p.

Most other leaders trended lower with the exception of Whitbread "A", which improved 3 further to 452p. Kleinwort Benson has reduced full year profits forecasts for this year and next, but the new estimates still represent growth rates of around 9 per cent, which is above expectations for the overall market.

Brent Walker ended up 3, slightly off earlier highs, on speculation that Smurfit is to take a stake in the company. Brent Walker also confirmed the completion of its sale of Goldcrest, its film subsidiary.

Retailer Kwiksave weakened 12 as several marketmakers became jittery ahead of Wednesday's results, fearing a repetition of difficult interim results six months ago.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover

Properties powered forward initially but soon gave back the gains as hopes evaporated of an early cut in interest rates. The buoyancy was confined to leading stocks, with the best examples being Land Securities and MEPC. Both were around 12 higher at one stage, but the former retreated to the extent that the shares closed 12 down on the session at 528p. MEPC eventually came down from 533p to rest at 514p, a loss on balance of 7.

Probably aiding the reversal was concern over Thursday's preliminary statement from MEPC. Some analysts believe its expected property valuation could be a critical test for the market, being the first from a major investment company covering a full twelve-month period in a bear market. Profits are estimated at around £145m, against £127.5m last time.

Rosehaugh unveils annual results today, but dealers regard the company as a special case and are looking for sharply lower profits of £5.0m, compared with £36.1m. The stock rallied 2 to 108p.

Comment that Markheath Securities had received an offer for its 27 per cent holding in Frogmore Estates sent the latter's shares 32 higher to 318p, after 324p. Activity was moderate for this thinly traded stock.

Construction issues followed a pattern similar to properties. Although the early gains were less pronounced, the closing losses were just as severe, with housebuilder George Wimpey down 8 at 214p and Costain 8 lower at 208p. John Mowlem lost 5 to 261p on talk that Kleinwort Benson had downgraded the stock.

■ Other Market statistics, including the FT-Actuaries share index, Page 28

NEW HIGHS AND LOWS FOR 1990

NEW HIGHS (86).

BRITISH FUNDS (36) BREWERS (1) BUILDINGS (2) CHEMICALS (1) STORES (3) INDUSTRIALS (3) Betterware, Boots, Sanders & Sidney, INSURANCE (1) TRUSTS (12) WATER (8) OILS (1).

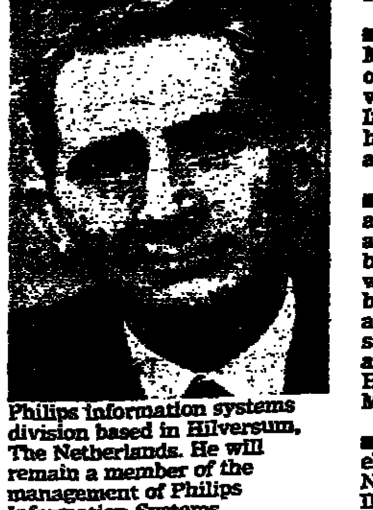
NEW LOWS (76).

AMERICANS (1) CANADIANS (1) BANKS (1) BUILDINGS (3) STORES (3) ELECTRICALS (2) ENGINEERING (4) FOODS (1) INDUSTRIALS (13) BLP, CSR, Carbo, Computer People, Cosalt, Darby, Esselte, Expamet Intl., Flexello C. & W., Johnson Cleaners, Lyntz, MITIE, Macfarlane (Clansman), McLeod Russel, Proudfoot (A), Security Archives, Store & Free, Tubular Edginton. INSURANCE (1) LEISURE (1) MOTORS (1) PAPERS (3) PROPERTY (4) TRANSPORT (3) TRUSTS (8) OILS (1) OVERSEAS TRADERS (2) MINES (8) THIRD MARKET (1).

APPOINTMENTS

Chairman of Philips Electronics

■ Mr Kevin Kennedy (*pictured*) has been appointed chairman and managing director of PHILIPS ELECTRONICS, London, from January 1. He is senior managing director and chairman of the management committee of



Philips information systems division based in Hilversum, The Netherlands. He will remain a member of the management of Philips Information Systems International BV. Mr Kennedy, the first British national to head Philips Electronics in the UK, will succeed Mr Constant Busch who is returning to Philips world headquarters in Hilversum to become corporate director of finance.

■ Mr Mark Hammersley has been appointed marketing director of the racket sports division of DUNLOP SLAZENGER INTERNATIONAL, a BTR subsidiary. Alongside his new UK role, Mr Hammersley retains his international marketing responsibility for squash - and now also tennis. For the past two years he has been marketing director, squash and badminton.

■ REDLAND has appointed Miss Ann Nussey as director of information technology. She will also manage Redland Information Systems. She was head of information technology at Jones Lang Wootton.

■ HAAGEN-DAZS has appointed Mr Simon Esberger as marketing director. He was business development manager with Cadbury. Mr Mel Bugler becomes director of national account sales. He was national sales manager, Master Foods, a division of Mars UK. Häagen-Dazs is a Grand Metropolitan subsidiary.

■ Cllr Joseph Hattam has been elected chairman of NEWCASTLE INTERNATIONAL AIRPORT. He is a member of Gateshead Borough Council.

■ POWERGEN has appointed Mr Michael Reidy as an executive director responsible for the corporate services division. He has been on the management team since 1988. Mr John Gardiner, chairman and chief executive of The Laird Group, becomes a non-executive director.

■ YORKSHIRE BANK has appointed to the board Mr Donald R. Argus, managing director of National Australia Bank, which owns Yorkshire Bank. Also joining the board are Viscount Downe, and Mr Hugh R. Sykes, who is master of the Company of Cutlers, and chairman of Carbolite, and of Neepsend.

■ ALEXANDER STENHOUSE has appointed Mr Nigel Edwards as manager of Bailiwick Insurance Brokers, Guernsey. Mr Phil Taylor, local director, Cardiff, additionally becomes local director, Bristol.

■ NATIONAL WESTMINSTER BANK has appointed Mr Bernard Lind to the new post of director of group treasury, responsible for developing European treasury operations, and for NatWest Financial Futures, where he will be deputy chairman. He also becomes deputy to the group treasurer, succeeding Mr Ron Porter on his retirement. Mr Lind, a member of the board of the London International Financial Futures Exchange and chairman of its product strategy committee, joins NatWest from the Midland Group.

■ Mr Philip Burchell has been appointed a director of PRESTIGE GROUP. He continues as a director of the parent group, Gallaher.

■ Dr John Spackman has joined ACT LOGSYS as a non-executive director.

■ GOLDSTAR UK SALES has appointed Mr O. Shik Kong as managing director. He was managing director of the company's subsidiary in Hong Kong, and takes over from Mr C.B. Kim.

SAS SERVICE PARTNER, Feltham, has made Mr Ray Davey (*pictured*) managing director, airline catering, and managing director, Skyliner Services, an aircraft servicing company. Mr Davey was seconded by the company to Saudi Arabian Airlines, where he was general manager, Saudia Catering.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

BRITISH FUNDS—Contd

INT. BANK AND O'SEAS

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Contd

CANADIANS

Continued on next page

LONDON SHARE SERVICE

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BANKS, HP & LEASING

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
£13¾	£9	ABN Amro Fl5	£9½	.....	Q28%	2.1	8.9	5.3
303	145	ANZ $A1	149	.....	44c	1.4	11.4	6.2
233	172	Abbey National 10p	227	.....	5.7	4.3	3.3	9.2
*274	128	Allied Irish Ord	149xd	.....	†Q40%	3.3	6.0	6.8
85	47	Anglo Irish	57	+4	Q17.9%	♦	7.3	♦
93	61	Ansbacher (H.) 1p	61	.....	2.5	1.3	5.5	17.6
£71½	£32½	Bancaire Cie Fr100	£46	–1¼	hQ12½%	–	2.8	–
£22½	£13¼	Banco Bilbao Viz	£13⅞	–⅛	Q49.1%	2.7	5.8	9.5
286	130	Bank Ireland Ir£1	150xd	+1	Q14.7%	2.9	8.8	5.3
£19½	£18	Bank Leumi	£19½	.....	–			–
351	320	Bank Leumi (U.K.)	350	.....	†15.0	–	5.7	–
129½	100	Bank Scotland	116	–4	†4.55	3.4	5.2	7.4
100¼	83¼	Do. 9¼pc Irrd Pf	99½	+½	9¼%	–	12.4	–
54	39	Bank of Wales	42	.....	2.8	0.8	8.9	(20.2)
428	290	Barclays £1	385	.....	†19.57	3.5	6.8	5.3
22	10	Benchmark 20p	11	+1	0.75	–	9.1	–
335	225	Brown Shipley £1	225	.....	†12.0	2.2	♦	7.2
*435	285	Cater Allen £1	379xd	+4	F24.5	–	8.6	–
179	29	Chancery	39	.....	9.0	2.7	–	1.6
£23¼	£14	Commerzbk DM10	£16	.....	Q18%	–	3.9	–
£13¼	620	Dai Ichi KBk Y50	713	–2	Q17%	6.2	0.5	33.6
*£25⅞	£159½	Deutsche Bk DM50	£207¼	+4¼	Q28%	–	2.3	–
£20⅞	£14⅝	Espirito Santo	£15¼	.....	Q75c	5.1	2.4	8.1
253	166	First Nat. Fin. 10p	193	.....	13.0	2.1	9.0	6.6
121	82	FNFC 6.3pc Cv. Pf	96	+1	6.3%	–	8.7	–
£13¼	635	Fuji Bank Y50	860	+22	†Q17%	6.9	0.4	36.6
325	262	Gerrard & National	309	+5	19.0	–	8.2	–
154	82	Guinness Mahon 10p	82	–3	1.45	♦	2.4	♦
328	194	Hambros 20p	236	+1	11.5	–	6.5	–
128	88	Do. 7.5pc Cv Pf	97	.....	7½%	–	10.3	–
53¼	29	HK & Shang. HK$2.50	30	–½	tt†Q38c	–	8.5	–
478	373	Joseph (Leo) £1	378	.....	15.85	–	5.6	–
150	105	King & Shaxson 20p	125xd	+2	10.25	–	10.9	–
422	262	Kleinwort Benson Grp	287	+4	16.0	2.5	7.4	6.8
642	316	Kyowa Bank Y50	399	+2	Q14%	♦	0.7	♦
316	220	Lloyds £1	293	+1	†23.3	2.6	6.1	6.9
56	44	Lon. Scot. Bank 10p	47	.....	†2.4	1.9	6.8	9.3
404	176	Midland £1	199	–1	†18.0	2.6	12.1	4.1
£14½	£10½	Mitsubishi Bank Y50	£10⅝	.....	†Q17%	♦	0.3	♦
£12¼	£4½	Mitsubishi Tst & Bk Y50	£5⅝	–⅛	Q17%	12.4	0.6	14.1
£10¾	£4.2	Mitsui Taiyo Kobe Y50	£6¼	.....	†Q16%	6.0	0.5	34.8
904	410	Mitsui Tst & Bk Y50	526	–4	Q17%	♦	0.6	♦
326	220	Nat Aust. Bk. A$1	233	–2	Q55c	♦	9.5	♦
365	227	NatWest £1	287	+2	†16.7	3.3	7.8	5.2
£210	£115	Ottoman Bank	£115	.....	Q110%	2.8	9.6	3.7
55	26	Rea Bros. Group	28	–1	0.5	3.2	2.4	14.0
225	119	Royal Bk. Scotland	154	–5	†7.2	3.8	6.2	5.4
795	338	Saitama Bank Y50	401	+1	†Q14%	♦	0.7	♦
£12¼	567	Sanwa Bank Y50	708	–8	Q17%	6.7	0.5	31.0
902½	613	Schroders £1	688	+5	h12.5	5.9	2.4	9.3
712½	413	Do. £1 N/V	468	+5	h12.5	5.9	3.6	6.3
£25¼	£9¼	Sec. Pacific $10	£10¼	.....	Q52.52	–	11.9	–
616	235	Standard Chartd. £1	282	+4	35.0	1.4	16.5	(5.3)
£16¼	£5⅝	Sumitomo Bank Y50	£6¼	.....	†Q16%	7.5	0.5	28.0
£11	£4⅞	Sumitomo Tst & Bk Y50	£6⅞	+⅛	Q17%	6.9	0.5	27.1
147	114	TSB	140	+2	†5.8	2.5	5.5	9.1
175	117	TSB Bank Ch'nel Is 1	119	.....	†06.7	3.5	5.6	5.9
£463	£4¼	Tokai Bank Y50	£5⅛	+¼	Q16%	4.1	0.8	38.5
920	464	Toyo Tst & Bk Y50	688	+18	†Q15.2%	6.9	0.4	30.8
611	499	Union Discount £1	580	+5	33.0	–	7.6	–
525	284	Warburg (S.G.)	326xd	+3	15.0	3.0	6.1	7.3
180	98	Do 6pc Cm Prf	111	+2	6%	–	7.2	–
279	147	Westpac $A1	162	–1	Q52.5c	♦	13.2	♦
420	303	Wintrust 20p	303	–2	8.7	4.2	3.8	8.4
969	509	Yasuda Tst & Bk. Y50	605	+9	Q17%	♦	0.6	♦

Hire Purchase, Leasing, etc.

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
175	40	CLF Yeoman 50p	50	.....	Q18.5%	3.2	17.5	2.4
71	48	Cambridge Grp Ir5p	58	.....	†Q7½%	15.6	0.6	12.1
55	11	Capital Leasing Ir10p	36½	–½	†Q3½%	3.5	2.9	9.0
68	50	Cattle's (Hldgs) 10p	62	.....	†3.56	1.9	7.7	8.9
426	362	Prov. Financial	415	+9	†20.5	2.1	6.6	9.6
*232	134	Reflex Invs. Ir5p	137	.....	gQ51%	7.9	1.7	10.1
225	192	Secure Trust Grp 10p	197	.....	†8.5	2.8	5.8	8.3
210	135	Woodchester IR20p	160	–3	†Q15.7%	5.9	1.9	11.9

BEERS, WINES & SPIRITS

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
520	406	Allied-Lyons	498	–6	16.95	2.2	4.5	11.5
£26½	£18¼	Anheuser-Busch $1	£20¼	+¼	Q51.00	–	2.5	–
[illegible]								

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS – Contd

[illegible]

ENGINEERING

[illegible]

ENGINEERING – Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INDUSTRIALS (Miscel.) – Contd.

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

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MOTORS, AIRCRAFT TRADES — Contd

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY — Contd

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

INVESTMENT TRUST

[illegible]

INVESTMENT TRUST — Contd

[illegible]

INVESTMENT TRUST — Contd

[illegible]

Net asset values supplied by County NatWest Wood Mackenzie

FINANCE, LAND, ETC

[illegible]

WATER

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS — Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES — Contd

Tins

1990 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
35	25	♥Ayer Hitam SM1	25	.....	♦053.3c	0.7	–
75	45	Gopeng Berhad $US0.50	45	.....	Q11c	2.6	4.6
67	27	Malaysia Mng. 10c	27	.....	Q7c	2.3	4.9
160	130	Petaling SM1	130	.....	Q180c	–	26.0
90	90	Tanjong Tin 15p	90xd	.....	–	–	–

Miscellaneous

1990 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
190	85	Anglesey Mining 9p ... y	88	.....	–	–	–
110	7	Do. Warrants ... y	7	.....	–	–	–
17	4½	Anglo-Dominion	6	.....	–	–	–
651	196	Bond Intl. Gold	197	.....	–	–	–
37	12	Butte Mining 10p y	13	.....	–	–	–
44	4	♥Colby Mines	5½	..	–	–	–
122	25	Cons. Murch. 10c	25	.....	Q30c	5.5	–
26	3	♥DRX Inc	3	.....	–	–	–
24½	6½	♥Ennex Int. Ir10p ... y	7	+½	–	–	–
98	20	Europa Minerals 2p .. y	26	.....	1.0	–	5.1
86	25	Gencor ... y	25	.....	–	–	–
43	13	Greenwich Res. ... β	16	.....	–	–	–
£10¾	£4⅞	♥Hemlo Gold Mines	15	.....	SQ20c	–	1.8
£14⅞	£8½	Homestake Mining $1	£8⅝	+⅛	Q20c	–	1.2
49½	13	♥Kenmare ... y	13½	+½	–	–	–
20¾	7	♥New Sabina Res C$1	14	.....	–	–	–
457	57	Northgate Expl. C$1	68	.....	–	–	–
39¾	3½	♥Nor-Quest Res	4½	.....	–	–	–
255	90	Oryx Gold Hldgs.	182	.....	–	–	–
93	42	Plateau Mining 20p .. y	44	.....	–	–	–
605	392	RTZ 10p ... α	448	−8	†18.5	2.5	5.5
14	4½	♥Thorco Res. Inc.	5¼	.....	–	–	–
18	5	Vizcaya Hldgs 5p ... y	10	.....	–	–	–
178	138	♥Young Group 10p ... y	138	.....	†7.8	2.7	7.5

THIRD MARKET

1990 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
30	5	Analysis Hldgs 20p .. y	5	.....	–	–	–	–
53	28	Andaman Res 10p ... y	48	.....	–	–	–	–
20½	10½	Automobiles of Dist. 5p .. α	11½	−½	♦	–	–	–
1½	0¾	Barbican Hldgs. 1p. y	1¼	.....	–	–	–	♦
45	31	Biocare 1p ... y	40	.....	–	–	–	–
18	7	Burmin Exploration y	7½	−½	–	–	–	–
225	205	Cafe Inns £1	220	.....	n–	–	–	13.8
22	10	Caldwell Invs. 10p ... y	10	.....	–	–	–	–
16½	10½	Caspen Oil 10p ... y	13½	−½	–	–	–	♦
25	16	Celtic Gold ... y	18	.....	–	–	–	–
95	36	Chelsea Artisans 5p. y	36	.....	–	–	–	–
24	6	ChemEx Intl ... y	14	.....	–	–	–	–
215	90	Citybond Storage Serv.	90	.....	–	–	–	–
23	10½	Dana Expl.	12½	.....	–	–	–	–
22	9	Edencorp Leisure 5p y	12xd	.....	a0.38	5.1	4.2	4.9
65	30	Eglinton Expln. Ir50p y	30	−1	–	–	–	–
16	2	Do. Wrrnts ... y	2	−2	–	–	–	–
18	5	Far East Res. 10p	6	.....	–	–	–	–
125	105	Fast Forward Inns	105	.....	–	–	–	–
45	4½	Feltrim Min.Ir0.20	4½	−1	–	–	–	–
55	25	Glencar Expln ... y	25	−1	–	–	–	–
		For Haemocell see INDUSTRIALS						
60	23	Hartley Baird 5p ... y	23	.....	0.75	5.9	4.3	4.5
100	65	Hiliclare 5p ... y	70	.....	1.0	7.9	1.9	8.7
43	26	Image Store Hldgs 10p. y	26	.....	–	–	–	–
62	22	Ivernia West ... y	37	.....	–	–	–	–
97	46	Kells Mins. Ir5p ... y	50	.....	–	–	–	–
°33	6	Kemp (P.E.) 5p ... y	6	.....	‡0.5	–	‡	–
398	218	M.L. Labs. 1p ... y	218	.....	–	–	–	–
6¼	3½	Moray Firth 1p ... y	3½	.....	–	–	–	–
45	19	Navan Resources .. y	19	−1	–	–	–	–
57	20	Ovoca Gold IR 2p ... y	20	−1	–	–	–	–
72	21	Oxford Virology 5p .. y	21	.....	–	–	–	–
83	61	Poddington 5p	77a	.....	–	–	–	–
118	65	Ramsden's (Harry) .. y	70	.....	L4.5	1.1	8.6	13.8
60	24	Rentaminster 5p .. y	24	.....	–	–	–	–
38	7	Sempernova ... y	8	−1	–	–	–	1.8
36	16	Sleepy Kids 5p ... y	16	.....	–	–	–	–
3½	1¼	Systems Connections. y	1¼	.....	–	–	–	–
94	46	Tomorrows Leisure 20p y	48	.....	1.0	4.4	2.8	8.7
55	27	UPL Group 10p ... y	32	.....	–	–	–	–
89	16	Video Magic Les. 1p y	18	.....	–	–	–	–
6¼	2¼	Vista Ents 5p ... y	2½	.....	–	–	–	–
5½	1¼	Wilton Group 1p ... y	1¼	.....	–	–	–	4.2

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.
Highs and lows are based on intra-day mid prices. Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution, this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.
Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ● "Tap Stock"
- • Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- ‡ Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♣ Not comparable
- ♦ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- † Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ‡ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend, cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1990-91. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1991. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1991. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Craig & Rose £1 ... y	780xd	.....
Finlay Pkg. 5p ... y	36	−2
Holt (Jos) 25p ... y	1385	.....

IRISH

Cap. 8½% Ln. 1991	£98¼	.....
9pc Cap Ln. 1996	£93¼	−¼
Fin. 13% 97/02	£110½	.....
Arnotts	167½xd	.....
Carrol (P.J.)	154	.....
Helton Hldgs ... y	40	−3
IRG	153½	.....
United Drug	133	.....

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	48
Amstrad	6
Astec (BSR)	4½
BAT	45
BOC Grp	39
BTR	29
Barclays	27
Blue Circle	17
Boots	21
Bowaters	41
Brit Aerospace	43
British Steel	10½
Brit Telecom	22
Cadburys	26
Charter Cons	37
Comm Union	37
Courtaulds	25
Eurotunnel	40
FKI	5¼
FNFC	20
Gen Accident	37
GEC	14
Glaxo	57
Grand Met	44
Guardian	15
GKN	27
Hanson	16
Hawker Sidd	39
ICI	70
Ladbroke	22
Legal & Gen	29½
Lex Service	28
Lloyds Bank	21
Lucas Inds	11
Marks & Spencer	18
Midland Bk	20
Nat West Bk	18
P & O Dfd	42
Racal Elect	14
RHM	23
Rank Org Ord	49
Reed Intnl	38
STC	19½
Sears	8½
SmKl. Beecham A	44
TI	37
TSB	10
Tesco	19
Thorn EMI	49
Trust Houses	21
T&N	14
Unilever	50
Vickers	19
Wellcome	38

Property	
Brit Land	24
Control Secs	3½
Land Securities	42
MEPC	38
Mountleigh	11

Oils	
Aviva Petlm	3½
Brit Petroleum	28
Burmah Castrol	44
Conroy Petlm	20
Gaelic Res	2
Premier	8½
Shell	40
Tuskar Res	6
Ultramar	31

Mines	
Lonrho	21
RTZ	40

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AUTHORISED UNIT TRUSTS

Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's

Abbey Unit Tst Mngrs (1000)H
80 Holdenhurst Rd, Bournemouth 0345 717373

Brown Shipley & Co Ltd—Contd.

Cornhill Unit Trust Mngrs Ltd (1000)F
PO Box 136, Beckenham, Kent BR3 4XR. 081-658 9611

Gartmore Fund Managers (1200)F
Gartmore House, 16-18 Monument Street
London EC3R 8AJ 071-782 2000

LAS Unit Tst Mngrs Ltd (1000)H
113 Dundas St, Edinburgh EH3 5EB 031-550 3151

Mercury Fund Managers Ltd—Contd.

Newton Fund Mngrs Ltd (1200)F
2, London Bridge, SE1

Schroder Unit Trusts Ltd (1400)F
36 Old Jewry, London EC2R 8BS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point, a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071 – 379 – 0444.

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INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

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National Provident Institution
48 Gracechurch St, London EC3P 3HH 071-623 4200

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	306.3	322.5	+0.4	–
UK Equity	387.1	407.5	+1.3	–
Overseas Eq	284.3	299.3	-1.4	–
Americas	206.0	216.9	-0.7	–
Far East	297.2	312.9	-1.5	–
Property	193.3	203.5	+0.2	–
Fixed Int	239.5	252.2	+1.5	–
Indexed Gilt	150.1	158.1	+0.8	–
Deposit	172.9	182.0	+0.2	–
Pension Fund (Accum Units)				
Managed	424.3	446.7	+0.7	–
UK Equity	495.2	521.3	+1.7	–
Overseas Eq	465.7	490.3	-2.2	–
Americas	272.0	286.4	-0.4	–
Far East	495.8	521.9	-1.4	–
Property	240.4	253.1	+0.3	–
Fixed Int	291.0	306.4	+1.9	–
Indexed Gilt	165.2	173.9	+0.9	–
Deposit	238.0	250.6	+0.2	–
NPI Pensions Management Ltd				
Managed Fund	928.8	945.4	—	–

Prices Nov 1 next dealing Dec 3

Norwich Union Asset Management Ltd
PO Box 140, Norwich NR3 1PP 0603 686787

	Bid Price	Offer Price	+ or -	Yield Gross
NUAM Funds				
Managed Fund	62.2	65.5	+0.2	–
Stock Market Mngd Fund	58.3	61.4	+0.1	–
Equity Fund	67.5	71.0	+0.2	–
International Fund	50.3	53.0	-0.1	–
European Fund	60.5	63.7	-0.6	–
North American Fund	48.0	50.5	+0.1	–
Pacific Fund	50.2	52.9	-0.2	–
Property Fund	86.8	91.4	....	–
Fixed Interest Fund	54.3	57.1	+0.4	–
Index linked Sec Fund	61.0	64.2	+0.4	–
Deposit Fund	66.3	69.8	—	–
NUAM Retirement Plans				
Mixed Fund	67.6	71.2	+0.1	–
UK Ordinary Share Fd	77.9	82.0	+0.2	–
International Fund	54.5	57.4	-0.2	–
Property Fund	84.1	88.5	....	–
Fixed Interest Fund	64.9	68.4	+0.4	–
Index Linked Sec Fund	64.4	67.8	+0.4	–
Deposit Fund	77.1	81.2	+0.1	–
NUAM (NFP)				
Managed Fund	879.6	925.9	+1.5	–
Equity Fund	1854.9	1952.6	+5.6	–
International Fund	132.9	139.9	-0.5	–
Property Fund	549.7	578.7	+0.4	–
Fixed Interest Fund	406.7	428.2	+2.6	–
Index Linked Sec Fund	62.1	65.4	+0.4	–
Deposit Fund	272.7	287.1	+0.2	–

Providence Capital Life Assc. Co Ltd – Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
Total Investment Bond				
UK Equity Initial	134.8		+0.7	–
UK Fixed Int Initial	111.4		+0.8	–
Intl Equities Initial	102.4		....	–
UK Managed Initial	107.4		+0.4	–
Property Initial	164.6		....	–
Money Initial	94.7		+0.1	–
Special Market Initial	94.0		-0.1	–
Japan Equity Initial	71.6		....	–
North American Initial	61.8		-0.1	–
Pacific Initial	98.3		....	–
Technology Initial	80.1		+0.1	–
Nat Resources Initial	40.8		+0.1	–
European Initial	82.0		-0.6	–
Residential Prop Init	93.7		....	–
Swiss Equities Initial	29.4		-0.3	–
Hong Kong Initial	43.3		-0.3	–
UK High Inc Eq Init	60.7		+0.4	–
Int Fixed Interest Init	50.8		+0.3	–
Int Managed Init	49.4		....	–
HIP Managed Init	96.3		+0.5	–
HIP Managed II Initial	86.4		+0.3	–
Broker Funds				
High Performance	61.3	64.6	-0.1	–
Towerhill Mngd Fd Acc	36.6	38.6	+1.4	–
YRA Executive Fd	82.4	86.9	....	–
£ Global Growth Acc	110.4	116.4	-0.1	–
£ High Income Money Acc	133.3	140.6	+0.1	–
IM Balanced	46.9		+0.2	–
N F. Speculator Fd	113.1		+0.1	–
PEP Acorn II	103.8		+0.4	–
PEP Cautionary	67.0		....	–
AAFS Int Man Fund	110.1		+0.8	–
Andrews-Green Inv Port	76.1		+0.3	–
Individual Pension Funds				
UK Equity Acc	213.2	224.4	+1.3	–
UK Fixed Interest Acc	202.7	213.4	+1.7	–
Intl Equities Acc	191.6	202.2	-0.1	–
UK Managed Acc	169.2	178.4	+0.7	–
Property Acc	209.8	221.4	....	–
Money Acc	151.3	159.6	+0.2	–
Special Market Acc	189.5	199.9	-0.1	–
Japan Equity Acc	145.3	153.3	+0.1	–
North American Acc	97.3	102.7	-0.3	–
Pacific Acc	139.4	147.1	-0.2	–
Technology Acc	128.3	135.4	+0.1	–
Natural Resources Acc	79.9	84.3	+0.2	–
European Acc	104.3	110.1	-0.9	–
Residential Prop Acc	103.9	109.6	....	–
Swiss Equities Acc	30.7	32.4	-0.3	–
Hong Kong Acc	45.5	48.1	-0.4	–
UK High Inc Equ Acc	68.2	72.0	+0.5	–
Int Fixed Interest Acc	55.1	58.2	+0.3	–

Windsor Life Assur Co Ltd
Windsor House, Telford, Shropshire 0952 292929

	Bid Price	Offer Price	+ or -	Yield Gross
American	205.1	216.9	—	–
Balanced Accum (3)	99.9	105.2	—	–
Deposit	218.8	230.3	—	–
Far East	230.0	242.1	—	–
Fully Man Acc Pen (2)	465.0	489.5	—	–
Fully Man Acc Pen (3)	465.5	490.0	—	–
Gilt	248.6	261.7	—	–
Grnd Rent & Gilt I Pen	276.5	291.0	—	–
Grnd Rent & Gilt II Life	112.0	117.9	—	–
Grnd Rent & Gilt II Pen	117.6	123.8	—	–
Grnd Rent & Gilt III Life	101.9	107.3	—	–
Grnd Rent & Gilt III Pen	104.7	110.2	—	–
High Inc. Equity	201.4	212.0	—	–
High Inc. Fixed Int	115.5	121.4	—	–
Hedge Fund	272.9	287.3	—	–
Index-Linked Gilt	155.7	163.9	—	–
Initial Pen Units	278.0	292.6	—	–
Investor Units	221.9	233.6	—	–
Kiwi Key (Managed)	468.0	492.4	—	–
Nth Amer Fd	164.9	173.6	—	–
Open Plan Mngd Fd	168.0	176.8	—	–
Pacific	546.8	575.6	—	–
Property	238.0	250.5	—	–
Retail & Rvrs'ry Life	140.2	140.2	—	–
Retail & Rvrs'y Pen Uni	159.4	159.4	—	–
Takeover Fund	241.1	253.8	—	–
UK Equity	190.8	200.8	—	–
UK Tracker Accum (3)	93.3	98.2	—	–

Woolwich Life Assurance Co Ltd
1-3 Queensway, Redhill, Surrey RH1 1NH 0737 778000
Managed Fd 102.6

Sun Alliance International Life
PO Box 77, New St, St Peter Port, Guernsey 0481 714108

	Bid Price	Offer Price	+ or -	Yield Gross
North America Equity $	$7.85	8.45	—	–
Pacific Equity $	$7.34	7.90	—	–
Intl Currency $	$4.26	4.59	—	–
Intl Bond Fund $	$7.02	7.56	—	–
Gilt Fund £	£4.05	4.37	—	–
US Dollar Mngd Fd $	$1.59	1.71	—	–
Stlg Managed Fd £	£1.00	1.07	—	–

Target International Group
1 rue Emile Bian, Luxembourg Tlx 2805 Tel 4956751

	Bid Price	Offer Price	+ or -	Yield Gross
Sterling Pens Plan	£0.14	0.74	—	–
US Dollar Pens Plan	$0.70	0.75	—	–
Yen Pens Plan	Y229	245	—	–
Ecu Pens Plan	Ecu0.62	0.66	—	–
Sterling Man Fd	£0.95	1.02	—	–
Sterling Fixed Int Fd	£1.36	1.45	—	–
US Dollar Man Fd	$1.17	1.25	—	–
US Dollar Fixed Int Fd	$1.43	1.49	—	–
Ecu Bond Fd	Ecu1.07	1.15	—	–
Davenport Calvert £ Fd	£0.77	0.84	—	–
Davenport Calvert $ Fd	$0.48	0.52	—	–
Davenport Chad £ F I	£1.07	1.16	—	–
LWI Universal Stg Mngd	£0.77	0.79	—	–
LWI Universal $ Mngd	$0.63	0.66	—	–
Matheson £ Pens	£0.75	0.80	—	–
Matheson $ Pens	$0.80	0.85	—	–
EDM MIM £	£0.85	0.90	—	–
EDM MIM $	$0.96	1.02	—	–
Royal Western Fund	£0.71	0.763	—	–
Western Special Sits	£0.99	1.898	—	–
Proteco $ Managed	$0.93	0.970	—	–
Proteco £ Managed	£0.98	1.024	—	–

J. B. Ward Financial Services Ltd
9 Kingsway, London, WC2 6XF. 071-836 4322

	Bid Price	Offer Price	+ or -	Yield Gross
Target Mngd Bond	185.6	195.4	-0.1	–
Target Mngd Pension	112.8	118.6	....	–
Albany Life Acc	166.2	176.0	-0.1	–
Albany Pens Acc	206.1	216.4	-0.1	–

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Orion Fund Limited
6 Front St., Hamilton, HM11, Bermuda 809 295 4000

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

OFFSHORE INSURANCES

MANAGEMENT SERVICES

GUERNSEY (REGULATED)

هكذا من الأصل

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	Bid Price	Offer Price	+ or -	Yield Gross
Baring Int Fund Managers Guernsey Ltd				
Mngd Portfolio (Dist)	99.79	10.42	+0.02	—
Mngd Portfolio (Stg)	£3.62	3.91	+0.04	—
Baring Currency Fund Ltd				
US Dollar	$14.59			—
Sterling	£7.85		—	—
Deutschemark	DM38.34			—
Japanese Yen	Y3,308		+0.01	—
Managed	$42.47	44.59	-0.07	—
Dunbar Management (Guernsey) Ltd				
Duntrust Limited	DKr117.0	117.2	—	—
Fleet-Connell Fund Mngrs (Guernsey) Ltd				
	SFr7.80	7.85	—	2.29
John Govett Mngmnt International Ltd				
Govett High Inc Gilt	0.3595	0.3828	+0.024	12.80
Govett Far East Inv	$0.889	0.950	-0.011	—
Energy & Resources	$0.661	0.706	—	—
Hambros Fund Managers (CI) Ltd				
Japanese OTC	$8.7617	9.3230	—	—
Hill Samuel Fd. Mngrs. (Guernsey) Ltd				
Guernsey Tst	66.02	70.60	+0.27	2.84
Kleinwort Benson Intl Fd Mngrs Ltd				
KB Int Ac Bd Acc*	$8.714	9.177	+0.028	—
KB Japan Fund	$210.49		—	—
Kleinwort Benson Islamic Fd Mgmt Ltd				
Islamic Fund	$5.70	6.10	—	0.43
Lazard Fund Managers (CI) Ltd				

*Offer price inclusive of maximum preliminary charge

Capital House Fund Mgrs—Contd.

Gartmore Fund Managers International Ltd

PO Box 278, 45 La Motte St, Jersey 0534 27535

John Govett (Channel Islands) Ltd (1000)F

PO Box 443, St. Helier, Jersey 0534 75141

IRELAND (SIB RECOGNISED)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED(**))

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED(**))

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED(**))

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Yen falls on oil price rise

THE JAPANESE yen was depressed as oil prices rose following reports of an American decision to seek a United Nations Security Council resolution authorising a deadline for the start of possible military action to force Iraq out of Kuwait.

The D-Mark had been easier against the yen in early Japanese trading, falling to Y85.50 from Y85.70. But Y85.50 proved to be a firm support point for the German currency, with Far Eastern and Australian investors willing buyers at that level. The presence of one large buyer of D-Marks for yen in Singapore also undermined the yen's strength.

The yen began falling after December brent crude rose $2 to $33.15 per barrel on reports that the US was asking the security council to authorise the use of force if Iraq fails to withdraw its troops from Kuwait by January 1. As a major importer of oil, Japan is seen as being particularly vulnerable to any sustained increase in energy prices.

A larger move down by the yen was prevented by the firmness of short-term Japanese interest rates, although the softness of longer term rates worried some investors. The D-Mark closed at Y86.60, up 90 points on the day.

The dollar benefited from the Gulf tension. A large buyer of dollars for yen, the same Far Eastern operator that had earlier sold yen for D-Marks, proved to be the catalyst for the dollar's advance in Europe. The "safe haven" qualities of the dollar attracted further buyers in London and New York.

The dollar closed higher at DM1.4920 from DM1.4860; at SFr1.2670 from SFr1.2585; at Y128.75 from Y127.35; and at FFr5.0300 from FFr5.0075. The dollar's index, calculated by the Bank of England, was up 0.3 at 60.3.

Sterling gained ahead of the second ballot for the Conservative party leadership. Investors were encouraged by opinion polls putting the Conservatives ahead of Labour no matter which of the three wins the Tory leadership contest.

Some analysts suggested that the apparent growing campaign success of Mr John Major, the chancellor of the exchequer, had helped sterling. But with any of the leadership-challengers, analysts agreed that sterling now has less political risk attached to it.

Mr David Cocker, chief currency analyst at Chemical Bank, said there was a belief that the next leader of the Conservative party will not reduce interest rates until inflation shows signs of falling. That could come as early as December 14, when the November inflation figure is likely to show a fall to an annual rate of 10.3 per cent from 10.9.

Sterling ended higher in London at DM2.9325 from DM2.9225; at SFr2.4900 from SFr2.4750; at Y253.00 from Y250.50; and at FFr9.8850 from FFr9.8525; but fell to $1.9655 from $1.9675. In New York the pound closed firmer at $1.9695.

£ IN NEW YORK

Nov.26	Close	Previous Close
£ Spot	1.9690-1.9700	1.9670-1.9680
1 month	0.96-0.94pm	0.96-0.94pm
3 months	2.47-2.44pm	2.50-2.47pm
12 months	7.62-7.52pm	7.78-7.68pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Nov.26	Previous
8.30 am	94.5	94.1
9.00 am	94.4	94.2
10.00 am	94.6	94.2
11.00 am	94.6	94.2
Noon	94.6	94.2
1.00 pm	94.6	94.2
2.00 pm	94.5	94.2
3.00 pm	94.6	94.2
4.00 pm	94.5	94.3

CURRENCY MOVEMENTS

Nov 26	Bank of England Index	Morgan** Guaranty Changes %
Sterling	94.5	-18.1
U.S Dollar	60.3	-19.2
Canadian Dollar	101.2	-0.3
Austrian Schilling	110.3	+12.2
Belgian Franc	111.1	-1.9
Danish Krone	111.1	+5.4
D-Mark	119.4	+25.9
Swiss Franc	114.9	+23.9
Dutch Guilder	115.3	+16.8
French Franc	105.5	-11.2
Lira	100.0	-19.2
Yen	135.3	+72.5

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for Nov.23.

CURRENCY RATES

Nov 26	Bank rate %	Special * Drawing Rights	European † Currency Unit
Sterling	-	N/A	0.700223
U.S Dollar	7	N/A	1.37769
Canadian $	12.82	N/A	1.59408
Austrian Sch	6½	N/A	14.4464
Belgian Franc	10¼	N/A	42.4087
Danish Krone	10½	N/A	7.87005
D-Mark	6.00	N/A	2.05345
Dutch Guilder	7.25	N/A	2.31590
French Franc	10¼	N/A	6.92220
Italian Lira	12½	N/A	1540.12
Japanese Yen	6	N/A	177.309
Norway Krone	8	N/A	8.01057
Spanish Peseta	-	N/A	129.971
Swedish Krona	11	N/A	7.67717
Swiss Franc	6.00	N/A	1.74209
Greek Drach	20½	N/A	210.745
Irish Punt	-	N/A	0.768265

† European Commission Calculations.
* All SDR rates are for Nov 23

OTHER CURRENCIES

Nov 26	£	$
Argentina	10218.0 - 10242.8	5200.00 - 5210.00
Australia	2.5675 - 2.5695	1.3055 - 1.3065
Brazil	255.060 - 255.385	129.80 - 130.50
Finland	6.9995 - 7.0130	3.5670 - 3.5700
Greece	297.80 - 302.55	151.30 - 153.75
Hong Kong	15.3155 - 15.3295	7.7885 - 7.7905
Iran	125.00*	63.00*
Korea(Sth)	1392.50 - 1414.95	711.20 - 716.80
Kuwait	N/A	N/A
Luxembourg	60.60 - 60.70	30.80 - 30.90
Malaysia	5.2675 - 5.2800	2.6815 - 2.6835
Mexico	5738.70 - 5772.60	2935.00 - 2945.00
N.Zealand	3.2090 - 3.2140	1.6315 - 1.6340
Saudi Ar	7.3650 - 7.4120	3.7490 - 3.7510
Singapore	3.3550 - 3.3625	1.7075 - 1.7095
S.Af (Cm)	4.9370 - 4.9495	2.5170 - 2.5200
S.Af (Fn)	6.6065 - 6.7200	3.3785 - 3.4365
Taiwan	53.50 - 53.60	27.20 - 27.25
U.A.E.	7.2135 - 7.2600	3.6720 - 3.6740

* Selling rate

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Nov 26	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	129.971	-2.74	3.31	48
D-Mark	2.05586	2.05345	-0.12	0.59	11
Dutch Guilder	2.31643	2.31590	-0.02	0.50	4
Belgian Franc	42.4032	42.4087	0.01	0.46	2
Irish Punt	0.767417	0.768285	0.11	0.36	-3
Italian Lira	1538.24	1540.12	0.12	0.35	-4
Danish Krone	7.84195	7.87005	0.36	0.12	-14
French Franc	6.89509	6.92220	0.39	0.08	-19
Sterling	0.696904	0.700223	0.48	0.00	-9

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu: a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Nov 26	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.9625 - 1.9715	1.9650 - 1.9660	0.96-0.94cpm	5.80	2.47-2.44pm	5.00
Canada	2.2775 - 2.2845	2.2795 - 2.2805	0.32-0.24cpm	1.47	0.69-0.59pm	1.12
Netherlands	3.2975 - 3.3125	3.3025 - 3.3125	1½-1¼cpm	5.22	3½-3¼pm	4.16
Belgium	60.25 - 60.70	60.60 - 60.70	27-23cpm	4.95	66-56pm	4.02
Denmark	11.2000 - 11.2675	11.2225 - 11.2525	3¼-3orepm	3.61	8¼-6¾pm	2.67
Ireland	1.0940 - 1.1060	1.0970 - 1.0980	0.34-0.29cpm	3.44	0.78-0.65pm	2.61
Germany	2.9220 - 2.9350	2.9300 - 2.9350	1⅜-1¼pfpm	5.37	3¼-3pm	4.18
Portugal	255.95 - 256.10	257.10 - 258.10	17-40cdis	-1.33	165-237dis	-3.12
Spain	184.60 - 186.15	185.30 - 185.60	20-25cdis	-1.46	54-68dis	-1.32
Italy	2192.00 - 2203.50	2199.25 - 2200.25	3-2lirepm	1.36	5-3pm	0.73
Norway	11.4000 - 11.4525	11.4250 - 11.4350	2¾-2orepm	2.49	5¼-4¼pm	1.66
France	9.8575 - 9.9025	9.8800 - 9.8900	3½-3¼cpm	4.10	8½-8pm	3.34
Sweden	10.9375 - 10.9715	10.9375 - 10.9475	½-⅞oredis	-0.69	3⅞-4¼dis	-1.44
Japan	251.95 - 253.50	252.50 - 253.50	1¼-1⅛ypm	5.63	3¼-3pm	4.84
Austria	20.56 - 20.65	20.60 - 20.64	9-7¾gropm	4.87	21⅛-18⅝pm	3.84
Switzerland	2.4840 - 2.4950	2.4850 - 2.4950	1⅛-1cpm	5.12	2¾-2⅝pm	4.22
Ecu	1.4155 - 1.4230	1.4195 - 1.4205	0.47-0.44cpm	3.85	1.08-1.03pm	2.97

Commercial rates taken towards the end of London trading. Six-month forward dollar 4.39-4.34cpm. 12 Month 7.62-7.52cpm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Nov 26	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.9625 - 1.9715	1.9650 - 1.9660	0.96-0.94cpm	5.80	2.47-2.44pm	5.00
Ireland†	1.7900 - 1.7970	1.7900 - 1.7910	0.37-0.32cpm	2.31	1.06-0.96pm	2.26
Canada	1.1580 - 1.1615	1.1595 - 1.1605	0.41-0.43cdis	-4.34	1.12-1.15dis	-3.91
Netherlands	1.6735 - 1.6840	1.6820 - 1.6830	0.07-0.10cdis	-0.61	0.30-0.34dis	-0.76
Belgium	30.60 - 30.90	30.60 - 30.90	2-3cdis	-0.97	6-10dis	-1.04
Denmark	5.6920 - 5.7175	5.7100 - 5.7150	0.90-1.20oredis	-2.21	3.00-3.70dis	-2.35
Germany	1.4835 - 1.4950	1.4915 - 1.4925	0.05-0.07pfdis	-0.48	0.30-0.33dis	-0.84
Portugal	130.55 - 131.10	130.00 - 130.10	0.73-0.83cdis	-0.07	2.30-2.60dis	-0.08
Spain	93.40 - 94.65	94.55 - 94.65	49-53cdis	-6.47	146-154dis	-6.34
Italy	1113 - 1120	1119.00 - 1119.50	4.10-4.60liredis	-4.66	11.80-12.50dis	-4.34
Norway	5.7900 - 5.8210	5.8125 - 5.8175	1.50-1.75oredis	-3.35	4.70-5.10dis	-3.37
France	5.0000 - 5.0365	5.0275 - 5.0325	0.69-0.76cdis	-1.73	2.02-2.15dis	-1.66
Sweden	5.5570 - 5.5800	5.5650 - 5.5700	2.90-3.05oredis	-6.41	8.90-9.25dis	-6.52
Japan	127.70 - 129.00	128.70 - 128.80	0.02-0.04ydis	-0.28	0.05-0.08dis	-0.30
Austria	10.4400 - 10.4960	10.4850 - 10.4900	0.70-1.05grodis	-1.00	2.30-3.30dis	-1.07
Switzerland	1.2575 - 1.2700	1.2665 - 1.2675	0.02-0.06cdis	-0.38	0.17-0.22dis	-0.62
Ecu	1.3820 - 1.3910	1.3820 - 1.3830	0.24-0.22cpm	2.00	0.71-0.69pm	2.03

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Nov 26	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	14⅛ - 14⅛	14⅛ - 14⅛	14 - 13⅞	13¾ - 13⅝	12¾ - 12⅝	12⅜ - 12¼
US Dollar	7⅞ - 7¾	7⅞ - 7½	7⅞ - 7¾	8⅛ - 8	8 - 7⅞	7⅞ - 7¾
Can Dollar	12⅛ - 11⅞	12⅛ - 11⅞	12⅛ - 11⅞	11⅞ - 11¾	11⅝ - 11½	11⅜ - 11¼
Dutch Guilder	8⅝ - 8½	8⅝ - 8½	8⅞ - 8¾	8⅞ - 8¾	9 - 8⅞	9⅛ - 9
Swiss Franc	8⅛ - 7⅞	8¼ - 8	8⅜ - 8¼	8⅜ - 8¼	8⅜ - 8¼	8⅜ - 8¼
D-Mark	7¾ - 7⅝	8 - 7⅞	8⅜ - 8¼	8⅞ - 8¾	9⅛ - 8⅞	9⅛ - 9
French Franc	9⅞ - 9⅝	9⅞ - 9⅝	9⅞ - 9¾	9⅞ - 9¾	10 - 9⅞	10¼ - 10⅛
Italian Lira	13 - 11	13¼ - 12¼	12¾ - 12¼	12⅝ - 12⅜	12⅛ - 12	12¼ - 12
Belgian Franc	8⅞ - 8¾	8⅞ - 8¾	8⅞ - 8¾	9⅛ - 9	9⅜ - 9¼	9⅝ - 9½
Yen	8 - 7⅞	8⅜ - 8¼	8⅜ - 8¼	8⅜ - 8¼	8⅜ - 8¼	8⅜ - 8¼
Danish Krone	9⅝ - 9⅜	9⅝ - 9⅜	10⅛ - 10	10½ - 10⅜	10⅜ - 10¼	10⅞ - 10½
Asian $Sing.	7⅞ - 7¾	7⅞ - 7¾	7⅞ - 7¾	8⅛ - 8	8 - 7⅞	8 - 7⅞

Long term Eurodollars: two years 8¼-8⅛ per cent; three years 8⅜-8¼ per cent; four years 8⅝-8½ per cent; five years 8¾-8⅝ per cent nominal. Short term rates are call for US Dollars and Japanese Yen, others, two days' notice.

EXCHANGE CROSS RATES

Nov.26	£	$	DM	Yen	F Fr.	S Fr.	H Fl	Lira	C $	B Fr.
£	1	1.966	2.933	253.0	9.885	2.490	3.308	2200	2.280	60.65
$	0.509	1	1.492	128.7	5.028	1.267	1.683	1119	1.160	30.85
DM	0.341	0.670	1	86.26	3.370	0.849	1.128	750.1	0.777	20.68
YEN	3.953	7.771	11.59	1000	39.07	9.842	13.08	8696	9.012	239.7
F Fr.	1.012	1.989	2.967	255.9	10.	2.519	3.346	2226	2.307	61.36
S Fr.	0.402	0.790	1.178	101.6	3.970	1	1.329	883.5	0.916	24.36
H Fl.	0.302	0.594	0.887	76.48	2.988	0.753	1	665.1	0.689	18.33
Lira	0.455	0.894	1.333	115.0	4.493	1.132	1.504	1000.	1.036	27.57
C $	0.439	0.862	1.286	111.0	4.336	1.092	1.451	964.9	1	26.60
B Fr.	1.649	3.242	4.836	417.1	16.30	4.106	5.454	3627	3.759	100.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS; LIFFE US TREASURY BOND FUTURES OPTIONS; LIFFE BUND FUTURES OPTIONS; LIFFE EUROMARK OPTIONS; LIFFE EURODOLLAR OPTIONS; LIFFE SHORT STERLING OPTIONS

[illegible]

LONDON (LIFFE)

20-YEAR 9% NOTIONAL GILT; US TREASURY BONDS 8%; 6% NOTIONAL GERMAN GOVT. BOND; 6% NOTIONAL LONG TERM JAPANESE GOVT. BOND; THREE MONTH STERLING; THREE MONTH EURODOLLAR; THREE MONTH EUROMARK; THREE MONTH ECU; FT-SE 100 INDEX

[illegible]

POUND-$ (FOREIGN EXCHANGE)				
Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.9655	1.9560	1.9410	1.9219	1.8898

IMM-STERLING $s per £

	Close	High	Low	Prev.
Dec	1.9620	1.9624	1.9560	1.9594
Mar	1.9392	1.9396	1.9324	1.9364
Jun	1.9212	1.9210	1.9160	1.9178

CHICAGO

U.S. TREASURY BONDS (CBT) 8%; U.S. TREASURY BILLS (IMM); THREE-MONTH EURODOLLAR (IMM); JAPANESE YEN (IMM); DEUTSCHE MARK (IMM); SWISS FRANC (IMM); STANDARD & POORS 500 INDEX; PHILADELPHIA SE £/$ OPTIONS; 10 YEAR 10% NOTIONAL FRENCH BOND (MATIF) FUTURES; OPTION ON LONG-TERM FRENCH BOND (MATIF); THREE-MONTH PIBOR FUTURES (MATIF)

[illegible]

March	90.16	90.12	-0.03	90.17	90.11	9.88	15,680
June	90.15	90.12	-0.02	90.15	90.12	9.88	2,985
September	-	90.07	-0.05	90.09	90.07	9.93	1,412

Estimated volume 4,194 Total Open Interest 36,662

CAC-40 FUTURES (MATIF) Stock index

	Open	Close	Change	High	Low	Open int.
November	1653.0	1599.0	-44.0	1653.0	1596.0	6,548
December	1660.0	1610.0	-41.5	1660.0	1606.0	2,829
January	1670.0	1634.0	-23.5	1670.0	1634.0	117
March	-	-	-	-	-	10

Estimated volume 12,428 Total Open Interest 9,504

BASE LENDING RATES

	%		%		%
ABN Bank	14	Coutts & Co	14	NatWestminster	14
Adam & Company	14	Cyprus Popular Bk	14	Northern Bank Ltd	14
Allied Trust Bank	14	Dunbar Bank PLC	14	Nykredit Mortgage Bank	14½
AIB Bank	14	Duncan Lawrie	14	Provincial Bank PLC	15
● Henry Ansbacher	14	Equatorial Bank plc	14	Roxburghe Bank Ltd.	14½
Associates Cap Corp	15½	Exeter Trust Ltd	14½	Royal Bk of Scotland	14
● B & C Merchant Bank	14	Financial & Gen. Bank	14	Royal Trust Bank	14
Bank of Baroda	14	First National Bank Plc.	16	● Smith & Williamson Secs.	14
Banco Bilbao Vizcaya	14	● Robert Fleming & Co.	14	Standard Chartered	14
Bank Credit & Comm	14	Robert Fraser & Ptnrs.	14½	TSB	14
Bank of Cyprus	14	Girobank	14	Unibank plc	14
Bank of Ireland	14	● Guinness Mahon	14	● United Bk of Kuwait	14
Bank of India	14	HFC Bank plc	14	United Mizrahi Bank	14
Bank of Scotland	14	● Hambros Bank	14	Unity Trust Bank Plc	14
Banque Belge Ltd	14	Hampshire Trust Plc	14½	Western Trust	14
Barclays Bank	14	Heritable & Gen Inv Bnk.	14	Westpac Bank Corp.	14
Benchmark Bank	14	● Hill Samuel	14	Whiteaway Laidlaw	14
Brit Bk of Mid East	14	C. Hoare & Co.	14	Yorkshire Bank	14
● Brown Shipley	14	Hongkong & Shangh	14		
CL Bank Nederland	14	● Leopold Joseph & Sons	14		
● Charterhouse Bank	14	Lloyds Bank	14		
Citibank NA	14	Meghraj Bank Ltd	14		
City Merchants Bank	14	McDonnell Douglas Bnk.	14		
Clydesdale Bank	14	Midland Bank	14		
Comm. Bk. of London Plc	14	Mount Banking	14		
Co-operative Bank	*14	Nat Bk. of Kuwait	15		

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MONEY MARKETS

London rates ease

UK MONEY market rates eased yesterday on speculation that there could be an early cut in interest rates following the warning by the Confederation of British Industry that the recession will be longer and deeper than had previously been expected.

Pressure for a reduction in base rates also came directly from the currency markets where sterling rose to DM2.9325, its highest London closing level against the D-Mark since November 2.

Many money dealers believe that the stability of the pound during the Conservative party leadership contest and the threat of a recession have increased the chances of a cut in interest rates before Christmas.

UK clearing bank base lending rate 14 per cent from October 8, 1990

However, the move down in market rates was cautious, as only last Friday the Bank of England used its credit operations to underline to money dealers that it did not welcome any early easing in monetary policy.

The three months inter-bank rate declined ⅛ of a point to 13⅝-¼ per cent, while twelve months was 1/16 lower at 12⅜-¼. In the futures markets, rate reductions were also anticipated. December short sterling rose 8 points to 87.00, indicating a 1 point rate cut by the year-end, while March was up 4 points at 88.46, suggesting 2½ points off base rates by the end of March.

The Bank, as expected, met the market's liquidity needs. Total help of £458m was provided, compared with a credit shortage of £450m.

Before lunch the Bank bought £101m outright, all in band 1, by way of £55m of Treasury bills at 13⅞ per cent and £46m of bank bills at 13 29/32. In the afternoon a further £132m of band 1 bills were purchased, including £30m of Treasury bills at 13⅞ per cent and £102m at 13⅞-29/32. Finally, late assistance of around £215m was provided.

The factors contributing to the shortage were bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills, which drained £1.02bn. Bank balances below target absorbed a further £115m. But this was partly offset by Exchequer transactions which added £135m, and a £550m fall in the note circulation.

In **Frankfurt** money rates were firmer as November's tax payments continued to drain liquidity. German call money was quoted at 7.50-7.70 per cent, up from 7.25-7.50 in the previous session.

FT LONDON INTERBANK FIXING

(11.00 a.m. Nov.26) 3 months US dollars		6 months US Dollars	
bid 8 1/16	offer 8 3/16	bid 7⅞	offer 8

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (4pm) — Treasury Bills and Bonds

Prime rate	10	One month	6.76	Three year	7.64
Broker loan rate	9½	Two month	7.08	Four year	7.80
Fed.funds	7⅝	Three month	7.25	Five year	7.91
Fed.funds at intervention	-	Six month	7.34	Seven year	8.16
		One year	7.26	10-year	8.28
		Two year	7.53	30-year	8.43

Nov.26	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	7.50-7.70	8.10-8.20	8.60-8.75	8.65-8.80	8.85-9.00	8.50
Paris	9½-9⅝	9½-9⅝	9⅝-9¾	9⅝-9¾	9⅞-10	9.50
Zurich	7⅝-7⅞	8⅛-8⅜	-	8⅛-8⅜	-	-
Amsterdam	8.43-8.56	8.43-8.51	-	8.75-8.85	-	-
Tokyo	[illegible]	[illegible]	-	[illegible]	-	-
Milan	11¾-11¼	14-14½	-	13⅝-13⅜	-	-
Brussels	7.85	[illegible]	-	[illegible]	-	-
Dublin	10-10¼	10⅜-10½	10⅝-10⅞	10⅝-10⅞	10⅞-10⅞	-

LONDON MONEY RATES

Nov 26	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	14⅛	14½	14	13¾	12⅞	12⅜
Interbank Bid	12	14¼	13⅞	13⅝	12¾	12¼
Sterling CDs	-	-	14	13⅞	12⅞	12⅜
Local Authority Deps.	14⅛	14⅛	13⅞	13¾	12¾	12⅜
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps.	17	14⅛	13¾	13	-	-
Company Deposits	-	-	14	13⅞	12⅞	12⅜
Finance House Deposits	-	-	14	13⅞	12⅞	12⅜
Treasury Bills (Buy)	-	-	13⅝	13⅛	-	-
Bank Bills (Buy)	-	-	13¾	12⅞	12⅛	-
Fine Trade Bills (Buy)	-	-	14⅛	13⅞	12¼	-
Dollar CDs	-	-	7.82	8.05	7.95	7.87
SDR Linked Dep. Offer	-	-	8⅞	9⅛	9⅛	9⅛
SDR Linked Dep. Bid	-	-	8¾	9	8⅞	8⅞
ECU Linked Dep. Offer	-	-	9¾	10⅛	10¼	10⅛
ECU Linked Dep. Bid	-	-	9⅝	9⅞	10	10

Treasury Bills (sell): one-month 13⅝ per cent; three months 13 per cent; six months 12¼ per cent; Bank Bills (sell): one-month 13 21/32 per cent; three months 12 29/32 per cent. Treasury Bills; Average tender rate of discount 12.7493 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day October 31, 1990. Agreed rates for period Nov 26, 1990 to Dec 25, 1990, Scheme I: 15.08 p.c., Schemes II & III: 15.32 p.c. Reference rate for period Sept 29, 1990 to Oct 31, 1990, Scheme IV&V: 14.164 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 15 from November 1, 1990; Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 10½ per cent; one-three months 12 per cent; three-six months 12 per cent; six-nine months 12 per cent; nine-twelve months 11½ per cent; Under £100,000 10½ per cent from Oct 8, 1989. Deposits withdrawn for cash 5 per cent.

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

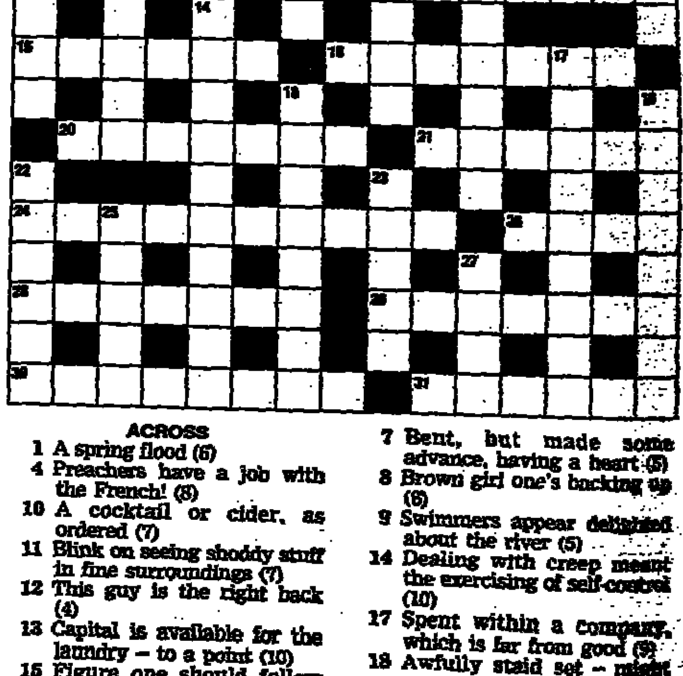
Money Market Bank Accounts

[illegible]

JOTTER PAD

CROSSWORD

No.7,404 Set by VIXEN



ACROSS
1 A spring flood (6)
4 Preachers have a job with the French! (8)
10 A cocktail or cider, as ordered (7)
11 Blink on seeing shoddy stuff in fine surroundings (7)
12 This guy is the right back (4)
13 Capital is available for the laundry – to a point (10)
15 Figure one should follow one (6)
16 Putting a man inside to cause aggravation is OK (2-5)
20 Germ-free space – it may get polluted (7)
21 A youngster's trendy and cooler sort of shirt (6)
24 Indulgence shown to Oriental eccentric (10)
26 Some would have preferred American cheese (4)
28 Threatens to finish in bad spirits (7)
29 A scholar having a knife makes a difference (7)
30 A down-to-earth man maybe angered the Right (8)
31 Go over a game (6)

DOWN
1 The agreeable person a fool put down (8)
2 Sand-glasses? (3-6)
3 Prison is the very devil! (4)
5 Criticise article about ancient Roman building (8)
6 On the watch perhaps, and that's not new (6-4)
7 Bent, but made some advance, having a heart (5)
8 Brown girl one's backing up (6)
9 Swimmers appear delighted about the river (5)
14 Dealing with creep meant the exercising of self-control (10)
17 Spent within a company, which is far from good (9)
18 Awfully staid set – might occasion a certain antipathy (8)
19 The flight impressed over a quarter (8)
22 Good man on telephone line (6)
23 Hawk as a leisure activity (5)
25 See through a fast mover (5)
27 Don't speak out clearly when making an aspersion (4)

Solution to Puzzle No.7,403

WORLD STOCK MARKETS

INDICES

NEW YORK

DOW JONES	Nov. 26	Nov. 23	Nov. 22	Nov. 21	1990 HIGH	1990 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	2533.17	2527.23	(c)	2539.36	2999.75 (16/7)	2365.10 (11/10)	2999.75 (16/7/90)	41.22 (2/7/32)
Home Bonds	90.24	90.13	(c)	90.10	93.04 (3/1)	88.44 (24/9)	—	—
Transport	835.80	844.12	(c)	849.85	1212.77 (6/6)	821.93 (17/10)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	209.88	209.00	(c)	208.69	236.23 (2/1)	190.96 (24/8)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 2541.58 (2557.92) Low 2489.85 (2521.04)

STANDARD AND POOR'S	Nov. 26	Nov. 23	Nov. 22	Nov. 21	1990 HIGH	1990 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	316.51	315.10	(c)	316.03	368.95 (16/7)	295.46 (11/10)	368.95 (16/7/90)	4.40 (1/6/32)
Industrials	371.25	369.71	(c)	370.68	437.37 (16/7)	346.86 (11/10)	437.37 (16/7/90)	3.62 (21/6/32)
Financial	21.81	21.34	(c)	21.46	31.87 (3/1)	18.80 (29/10)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	172.96	172.39	(c)	172.73	201.13 (16/7)	162.20 (11/10)	201.13 (16/7/90)	4.46 (25/4/42)
Amex Mkt. Value	295.92	295.90	(c)	295.58	382.45 (5/1)	288.07 (30/10)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	348.86	349.04	(c)	348.77	469.60 (16/7)	325.44 (16/10)	485.73 (9/10/89)	54.87 (31/10/72)

	Nov. 23	Nov. 16	Nov. 9	year ago (approx.)
Dow Industrial Div. Yield	4.06	4.01	4.09	3.97

	Nov. 14	Nov. 7	Oct. 31	year ago (approx.)
S & P Industrial div. yield	3.39	3.55	3.54	2.97
S & P Indl. P/E ratio	15.47	14.48	14.43	14.25

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day
MCA	4,132,600	65⅛	- ¼
Texas Utilities	2,321,500	37¼	+ ½
Eli Lilly	1,556,600	72	+ 2⅛
Fannie Mae	1,542,800	31	+ ⅛
Boeing	1,346,800	43½	- 1⅛
Philip Morris	1,324,800	49⅛	+ 1
Waste Man	1,272,500	32⅛	- 1¼
Citicorp	1,237,900	13⅛	+ ⅛
Am Express	1,210,300	20¼	+ ½
Westinghouse	1,172,300	25⅛	- 1⅞

TRADING ACTIVITY

† Volume (Millions)	Nov. 26	Nov. 23	Nov. 22
New York	131.540	63.350	-
Amex	9.485	5.666	-
NASDAQ	(u)	69.416	-
Issues Traded	1,975	1,880	-
Rises	788	645	-
Falls	716	681	-
Unchanged	471	556	-
New Highs	4	7	-
New Lows	42	24	-

CANADA

TORONTO	Nov. 26	Nov. 23	Nov. 22	Nov. 21	1990 HIGH	1990 LOW
Metals & Minerals	2554.65	2582.65	2568.41	2556.58	3453.05 (4/1)	2486.60 (8/11)
Composite	3127.58	3118.42	3103.81	3103.10	4009.47 (5/1)	3009.91 (16/10)
MONTREAL Portfolio	1662.96	1661.00	1658.05	1659.03	2060.90 (5/1)	1607.24 (16/10)

Base values of all indices are 100 except NYSE All Common—50, Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Nov. 26	Nov. 23	Nov. 22	Nov. 21	1990 HIGH	1990 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1355.4	1366.6	1368.6	1374.1	1713.7 (12/1)	1291.2 (2/11)
All Mining (1/1/80)	627.4	635.9	637.7	639.8	860.8 (5/1)	627.2 (2/11)
AUSTRIA						
Credit Aktien (30/12/84)	452.16	454.87	454.26	453.61	703.29 (19/3)	400.98 (25/9)
BELGIUM						
Brussels SE (Cash Mkt) (1/1/80)	5075.31	5095.55	5108.63	5096.37	6599.43 (12/1)	4959.99 (25/9)
DENMARK						
Copenhagen SE (3/1/83)	326.10	325.12	331.88	332.06	388.29 (20/7)	325.12 (23/11)
FINLAND						
Unitas General (1975)	413.2	412.1	410.5	409.5	677.3 (23/1)	398.9 (24/10)
FRANCE						
CAC General (31/12/82)	433.18	432.37	428.55	425.00	564.62 (30/5)	410.18 (26/9)
CAC 40 (31/12/87)	1607.24	1640.06	1639.68	1626.97	2129.32 (20/4)	1485.39 (25/9)
GERMANY						
FAZ Aktien (31/12/58)	631.77	639.33	646.55	(c)	832.32 (19/7)	569.69 (28/9)
Commerzbank (1/12/53)	1795.0	1816.7	1838.2	(c)	2414.0 (3/4)	1628.7 (28/9)
DAX (30/12/87)	1443.16	1483.36	1496.10	(c)	1968.55 (30/3)	1334.89 (28/9)
HONG KONG						
Hang Seng Bank (31/7/64)	2995.52	3016.06	3023.08	3013.66	3559.89 (23/7)	2738.24 (1/2)
IRELAND						
ISEQ Overall (4/1/88)	1226.73	1213.43	1225.39	1222.77	1893.10 (22/1)	1205.35 (16/11)
ITALY						
Banca Com. Ital. (1972)	511.73	521.44	517.50	(u)	763.52 (14/6)	511.73 (26/11)
JAPAN						
Nikkei (16/5/49)	23762.86	(c)	23400.28	22816.99	38712.88 (4/1)	20221.86 (1/10)
Tokyo SE (Topix) (4/1/68)	1747.08	(c)	1727.66	1688.53	2867.70 (4/1)	1523.43 (1/10)
2nd Section (4/1/68)	3021.40	(c)	3024.50	3024.31	4477.16 (16/7)	2859.49 (1/10)
MALAYSIA						
KLSE Composite (4/4/86)	471.50	475.64	476.26	475.71	632.22 (1/8)	459.88 (28/9)
NETHERLANDS						
CBS Ttl Rtn Gen. (End 1983)	227.9	229.7	228.3	229.1	271.9 (20/7)	225.6 (8/11)
CBS All Shr (End 1983)	167.1	168.4	167.3	167.9	206.3 (3/1)	165.6 (8/11)
NORWAY						
Oslo SE (Ind) (2/1/83)	672.27	667.68	664.15	653.46	915.13 (2/8)	653.46 (21/11)
PHILIPPINES						
Manila Comp (2/1/85)	634.20	643.75	653.75	663.89	1160.70 (21/3)	514.80 (5/10)
SINGAPORE						
SES All-Singapore (2/4/75)	312.20	315.90	313.36	311.49	446.87 (16/7)	301.45 (12/10)
SOUTH AFRICA						
JSE Gold (28/9/78)	1318.04	1236.0	1242.0	1243.0	2230.0 (16/1)	1236.0 (23/11)
JSE Industrial (28/9/78)	2783.04	2763.0	2767.0	2772.0	3211.0 (6/2)	2640.0 (1/10)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	680.56	679.99	679.83	671.70	928.82 (4/1)	566.27 (17/9)
SPAIN						
Madrid SE (30/12/85)	227.52	230.84	232.21	231.91	309.74 (16/7)	209.37 (28/9)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	822.2	828.7	838.6	843.1	1329.9 (5/7)	822.2 (26/11)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	614.6	625.2	627.8	632.4	845.5 (13/7)	613.4 (28/9)
SBC General (1/4/87)	510.4	519.4	520.2	522.9	698.2 (13/7)	510.4 (26/11)
TAIWAN**						
Weighted Price (30/6/66)	4582.86	4926.39	4614.07	4349.69	12495.34 (10/2)	2560.47 (1/10)
THAILAND						
Bangkok SET (30/4/75)	601.85	638.95	642.28	643.86	1143.78 (25/7)	601.85 (26/11)
WORLD						
M.S. Capital Int. (1/1/70) ($)	461.2*	464.7	464.8	460.6	571.0 (4/1)	423.1 (28/9)

**Saturday November 24: Taiwan Weighted Price: 4801.08 Korea Comp Ex. 678.92

♦ Subject to official recalculation. *Calculated at 15.00 GMT.

Base values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX — 1,000, JSE Gold — 255.7, JSE 26 Industrials — 264.3 and Australia All Ordinary and Mining — 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Monday 26 November 1990

	Stocks Traded	Closing Prices	Change on day
Nippon Steel	4.7m	399	+1
Tokio Mne & Fre	4.6m	1,270	+20
Tokyu Cnstrn	3.9m	1,190	-10
Honshu Paper	3.5m	2,220	-90
Kubota	3.3m	697	+17
Mitsui Shpbldg	2.9m	492	-18
Pioneer Elec	2.8m	3,880	+350
Prma Meat Pckrs	2.8m	680	+37
M'bishi Heavy	2.7m	656	-8
Shinko Elec	2.7m	965	+3

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

— A — A — A —

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
37⅛	9½	AAR	.48	4.3	7	250	11¼	10¾	11⅛	+ ⅛
9¼	7¼	ACM n	1.01	12.		120	8⅞			
11⅜	8¼	ACMIn	1.26	13.		1119				
9¼	6½	ACM M nf	.01	14.		320	7½	7¼		
12⅛	10	ACMMM	1.50	13.		174	11⅝			
11½	8⅝	ACM Sc	1.26	13		z1017	9⅝	9½	9½	− ⅛
9½	7¼	ACMSp	1.01	12.		764	8⅝	8¼		
24⅝	15⅞	AL Lab	.16		7	18 241	22¾	22½	22¼	− ¾
5¼	1	AM Intl				765	1½	1⅜	1½	
20¾	4⅝	AM In pf	2	29.		15	6⅞	6½	6⅞	+ ⅛
70¾	39¼	AMR			14	2273	46½	45¼	45⅝	− ⅝
4	1⅝	ARX				32	1⅝	1½	1⅝	+ ⅛
73¼	38⅛	ASA	3	7.3		645	41⅛	41	41	+ ¼
45⅝	31¼	AbtLab	s.84	2.0	20	5241	42¼	41¼	42¼	− ¼
14	10⅞	Acmel	1.40	7.6	12	44	5¼	5⅛	5¼	+ ⅛
9⅝	5	AcmeE	.32	6.1	9	6	5¼	5⅛	5¼	− ⅛
20⅛	16	ACob pf	1.84	11.		340	10⅞	d10	10½	− ⅛
11⅞	3⅝	AMD				30	17	17	17	
32⅛	13	AMD pf	3	21.		2341	4⅛	4	4⅛	+ ⅛
9¼	1⅝	Advest	.16	7.5		433	15¼	14¼	14¼	− 1
82	29	AetnLf	2.76	7.3	9	3948	37⅞	36¼	37¾	+ 1⅛
12⅞	6¼	AhmPb	.24	3.5		1658	7	6⅞	6⅞	− ¼
22½	10⅝	Ahmans	.88	6.8	5	2224	13⅛	12⅞	13	+ ⅛
13½	12	Ahmn wi				34	12⅝	12⅝	12⅝	+ ⅜
61	42⅝	AirPrd	1.44	2.9	12	487	50½	49	50½	+ ¾
27	13½	AirFrt	s .30	1.8	6	809	16¾	15½	16⅝	+ ⅛
24½	11¼	Airgas			17	41	13½	13⅛	13½	+ ⅜
20⅝	13⅛	Airlease	2.52	16.	8	36	15¼	15⅛	15⅜	+ ⅛
10⅛	9	AlaP	dpf.87	9.1		9	9⅝	9½	9⅝	+ ⅛
95⅛	90	AlaP pf	9.44	9.4		z10	96	96	96	

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low
37¾	14⅞	Barnett	1.32	6.9	7	3052	19⅝	18⅛
7⅛	5⅛	Baroid n	.20	3.3		430	6⅛	5⅞
21⅝	14¼	Bass n	2.18e	11.	12	14	20⅛	20⅛
19	6⅛	BatMt	.10	1.5	20	3578	6⅞	6⅝
73	62⅝	Bausch	1.32	2.1	15	1228	62½	61½
27½	20⅝	Baxter	.64	2.4		5034	26¾	26⅜
39¾	35¼	Bax pfA3.54e		9.6		86	37⅛	36⅞
22⅞	18	BaySGs	1.28	6.8	11	73	19⅛	19
14½	7½	BearSt	.56b	6.5	8	889	8⅝	8⅛
29¼	13⅝	Bearing	.64	3.8	13	94	17¼	16⅞
12¼	8½	Beazer	.72e	8.6	4	245	7½	7¼
19⅞	11⅞	Bckins	.28e	2.0	11	446	13⅞	13⅛
74	55¼	BectDk	1.08	1.5	15	636	71⅞	70¼
30¼	19	BeldnH	.64	3.4	10	1	19	19
67⅛	39½	BellAtl	s2.36	4.5	18	3472	52⅞	52⅛
18¼	12	Bellind	.40	2.6	11	77	15¼	14⅞
59¼	49	BellSo	2.68	5.0	15	2880	53½	52⅞
38	28½	BeloAH	.52	1.8	22	43	28¼	28½
37½	25¼	Bemis	.72	2.7	14	244	27	d25⅝
65	34⅞	BenfCp	2.40	5.8	7	1383	41⅞	40½
46	40	Benef pf4.30		10.		4	41¼	41¼
27	23½	Benef pf2.50		10.		z130	25¼	25
2⅞	⅞	BengtB				74	15-16	⅞
18¼	11½	Benetton	.97e	6.3		74	15⅞	15½
8875	5800	BerkHa				z140	6150	6100
23¼	13	Berlitz n	.50	3.4	39	717	14¾	14½
19	13¼	BeryP	.55e	3.7	25	20	14⅞	14⅞
12⅞	4½	BestBy			9	64	6¼	6
21⅛	10⅞	BethStl	.40	3.4	11	641	11⅞	11⅛
50	37⅞	BthSt pf	5	13.		9	38¼	38
25⅛	19¼	BthS pfB2.50		13.		17	20	19⅝
6⅛	3⅛	Bevrly				44	3978	6½
23½	10⅞	Block	.10e	.7	13	179	14⅞	14⅝
23¼	10½	BirSti	.50	4.2	11	249	12⅞	12
21½	8	BlackD	.40	4.0	16	4830	10⅛	9½

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
34	15⅛	Constr	.64	4.2	8	57	15⅞	15⅝	15⅞	
88½	84	CnP pfE7.72		9.2		z130	84¼	84¼	84¼	− ⅛
36⅞	23⅞	Contel	1.10	3.4	25	4597	33	32⅝	32⅝	− ⅛

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
6	4½	FM RoyT	1.05e	18.		448	5⅝	5⅝	5⅝	
19	9⅞	FMGC	91.38e	20.	5	x38	5⅛	5	5⅛	+ ⅛
38	30	FrptMc	1.50a	8.9	13	26	15⅛	15½	15½	− ⅛
40½	30¼	FrptM	pf1.87	4.5	13	1848	33⅞	33¼	33½	− ⅛
24¼	18⅛	FMRP	2.40e	5.2		118	36	35⅛	35⅛	
33	14	Fruhs		12.	10	414	20⅛	19⅞	20	− ⅛
					8	63	19⅛	19⅛	19½	− ⅛

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
14½	6½	Jakart n			17	35	22½	22½	22½	− ⅛
29¼	18⅛	JRiver	.60	2.6	37	3296	23⅛	22½	23⅛	+ ⅛
45⅞	32½	JRvr pf	3.38	9.4		21	36	35½	36	+ ½
46⅞	34⅛	JRvr pf	3.50	9.5		105	37	36⅞	37	− ⅛
7¼	1⅞	Jamswy	.08	4.0		182	2⅛	1⅞	2	
16⅞	7⅞	JpOTC n				600	8⅝	8⅜	8½	− ½
45½	32½	JeffPl	1.52	4.4	8	349	34⅝	34	34⅛	+ ⅛
43½	39½	JerC pf	4	9.6		z100	41½	41½	41½	+ ⅛

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12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s
15⅜	7	NBB	.82		12	13 21
35⅞	24¼	NBD	1.40	4.5	8	342
⅜	⅛	NBI				45
68⅝	45	NCH	1	2.0	11	x70
48⅛	16⅞	NCNB	1.48	6.2		56108
72¼	44½	NCR	1.40	2.6	10	1831
19⅞	15⅛	NIPSCO	1.04	5.8	10	475
27	9⅛	NL Ind	.68	5.1	8	230

Continued on Page 49

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NYSE COMPOSITE PRICES

Continued from previous Page

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
18⅝	8¼	WyleLb	.28	2.6	10	133	11⅛	10¾	10¾	-⅛
24¼	13¾	Wynns	.60	4.2	9	23	14⅛	14	14⅛	-⅜
		- X-Y-Z -								
60⅛	29	Xerox	3	8.9	6	4261	33⅞	33¼	33⅝	-¼
32⅞	13	XTRA	.72	5.4		187	13½	13¼	13¼	-½
25	12½	XTRA pf1.94		15.		108	13¼	12⅞	12⅞	-⅜
4	⅝	Zapata				385	11-16	⅝	⅝	
13¾	4	ZenithE				530	6⅞	6¼	6⅜	+⅛
19⅝	9⅞	ZenNtl	.88	8.4	7	33	10½	10⅜	10½	+¼
7¾	4½	Zenix	.95	20.		586	4¾	d 4½	4⅝	-⅛
17¼	9⅞	Zero	.40	3.6	12	93	11½	11¼	11¼	+⅛
61⅛	29⅝	Zurnln	.88	2.6	15	87	33½	33	33½	+⅛
12⅝	10⅛	Zweig	1.13e	11.		475	10⅞	10⅝	10⅝	-⅛
10	7⅞	ZweigTl	.84	9.5		1535	9	8⅞	8⅞	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

4pm prices November 26

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
Pitway n	.80	13	101	27⅞	27⅞	27⅞	
Pitwy A	1.10	8	272	16⅞	16⅝	16¾	+⅛
PlyGem	.12	10	132	6⅛	6	6	-⅛
Presd A	.10		1	6	6	6	
PrcCom			1522	½	⅜	½	+⅛

NASDAQ NATIONAL MARKET

2pm prices November 26

Stock	Div.	P/E	Sales 100s	High	Low	Last	Chng
WilmTr	1.44	9	116	35	33¾	34⅝	-⅜
WiserO	.40a	28	x12	16	15⅞	15⅞	-⅛
WivExp			338	5	4⅝	4⅞	+⅛
WivEx pf			164	13¼	13	13¼	-¼
Worthg	.80	14	1261	19¼	d18⅞	19	-⅛
Wyman	.80		x523	7½	6⅞	7	
			-X-Y-Z-				
XL Dta		6	87	8	7½	7½	-½
XOMA			1108	15¾	15¼	15⅝	
Xilinx			1080	12½	11⅞	12½	+⅛
YanEnS	1.52	17	48	21½	20¾	21½	+⅛
YelowF	.94	28	1322	24⅛	22⅞	23¼	-1
YorkRs		11	287	9⅜	8⅝	9⅛	-⅛
Zeos		17	32	14⅛	14⅛	14⅛	-⅛
ZionBc	1.44	7	93	29	28¾	28¾	

AMERICA

Dow overcomes heightened Gulf concern

Wall Street

US EQUITIES staged a 35-point Dow recovery from an initial fall to end higher yesterday, after a heightening of tension in the Gulf crisis and a rise in crude oil prices had caused the early weakness, *writes Patrick Harverson in New York.*

At the close the Dow Jones Industrial Average was up a net 5.94 at 2,533.17, well above the session low of 2,497.03. Turnover was relatively light at 131m shares, and rising issues finally outpaced falls by 788 to 716. The Standard & Poor's 500 gained 1.42 on the day at 316.52, while the American SE composite closed up 0.02 at 295.92.

The turnaround in share values was aided by a similar reversal in the direction of oil prices. January crude closed up $1.05 a barrel at $32.95, having at one stage been nearly $2 ahead at $33.85. The initial fall in the market had been in response to reports that the US has garnered enough support in the UN for a resolution allowing the use of force if Iraq does not withdraw from Kuwait by New Year's Day.

The news that President Bush was ready to raise the stakes in the Gulf crisis had shattered the complacent mood of the market, which in the weeks up to the Thanksgiving holiday had put its fears about the Middle East at the back of its mind. However, the selling was never really convincing and bargain hunters moved in to pick up stock when the Dow dropped below 2,500, which now appears to be a solid short-term floor for the index.

Oil shares moved up against the market on the coat-tails of firmer crude oil prices. Mobil added $1⅝ at $58¾. Texaco put on $1 to $58⅛ and British Petroleum ADRs rose $1¼ to $79⅝. Oil service companies also enjoyed a good day, with Schlumberger firming $⅝ to $55¼, Halliburton $¼ to $45½ and Dresser Industries $¼.

MCA, down $⅛ at $65¼, was the most actively traded stock of the morning in spite of an hour's delay to trading while the market awaited details of the entertainment group's acquisition by Matsushita of Japan.

The news that Matsushita had agreed to pay MCA shareholders $66 a share plus a stake in MCA's television station created a rush of activity, and turnover in MCA was 3.2m shares at the close. Although the market had hoped that MCA would go for between $7bn and $8bn, yesterday's deal (which values MCA at $6.6bn) was regarded as a good one.

Eli Lilly outperformed the market impressively, rising $2⅛ to $72 on turnover of 1.3m shares. Last week the stock was sold heavily on publication of figures which showed that the share of the new prescription market held by Eli Lilly's anti-depressant drug Prozac fell in October.

Bad publicity surrounding the alleged side-effects of Prozac had already hit the share price, but yesterday's strong gains followed a broker's recommendation and suggested that some investors believed the stock had been oversold.

Semiconductor stocks fell further in the wake of last week's profits warning from Lattice Semiconductors and amid deepening concern over the outlook for demand.

Among embattled retailers, Hills Department Stores recovered from an early loss to end up $⅛ at $2¼ after the company's chairman resigned following the announcement of a third quarter net loss. Child World added to last week's declines with another fall of $½ to $4½ in busy trading. On Friday, Child World shares lost almost 50 per cent after Trefoil Capital Investors dropped its offer for stock in the toy retailer.

Canada

THE TORONTO market closed on a mixed note, having picked up from an opening drop which followed the news that the US was pushing the UN Security Council for a deadline for Iraq to withdraw from Kuwait.

The composite index finished a net 9.2 up at 3,127.6 but declines retained a slight edge over advances by 289 to 282. Volume totalled 18.0m shares.

SOUTH AFRICA

MINING SHARES rose sharply in Johannesburg in response to a decline in the financial rand, higher precious metal prices, and a shortage of scrip. The all-gold index rose 82 or 6.6 per cent to 1,318, with Vaal Reefs up R13 at R229.

ASIA PACIFIC

Firm bonds and arbitrage buying lift Nikkei

Tokyo

ARBITRAGE-RELATED buying pushed up share prices in Tokyo yesterday after the market's three-day weekend. A stronger bond market assisted in spurring a rally in the futures markets, and the Nikkei average gained 1.5 per cent, *writes Emiko Terazono in Tokyo.*

The Nikkei opened at 23,416.78, the day's low, and closed at 23,762.86, up 362.58. The day's high was 23,766.09. An afternoon surge in government bonds failed to prompt much activity in the equity market, where volume was a meagre 250m shares, down from last Thursday's 360m.

Gains led losses by 672 to 315, with 147 issues unchanged. The Topix index of all first section stocks rose 19.42 to 1,747.08, but in London trading the ISE/Nikkei 50 index receded 12.00 to 1,302.49.

Equity trading was mostly by individuals, while institutions focused on the bond market. There was little trading by dealers on their own accounts, as trading for November contracts finishes today.

Large-capital issues, usually encouraged by hopes of lower interest rates, ended mixed after profit-taking. Mr Shin Tokoi at County Natwest said: "Due to the selling pressure on large-capital stocks, investors are attracted to middle to small size stocks which are newly listed in the second section or over-the-counter section."

Nippon Steel, the most actively traded stock, firmed Y1 to Y399, Mitsui Shipbuilding fell Y18 to Y492 and Mitsubishi Heavy lost Y8 to Y655.

Hopes of lower interest rates encouraged gains in interest rate-sensitive stocks, such as electric power companies and financials. Tokyo Electric Power gained Y70 to Y3,350, Nomura surged Y100 to Y1,700, Fuji Bank added Y80 at Y2,180 and Tokio Marine & Fire Insurance put on Y20 to Y1,270.

Pioneer Electronics, replacing Mitsubishi Mining & Cement in the Nikkei average yesterday, forged ahead Y350 to Y3,680 on the expectation that the issue would be included in index-linked funds. Mitsubishi Mining & Cement merges with Mitsubishi Metal on December 1, becoming Mitsubishi Material.

Prima Meat Packers, a large meat processor, advanced Y37 to Y680 on rumours of speculative buying by political funds. The stock had gained Y98 in the previous day's trading.

Domestic demand-related issues were mostly strong, although Tokyu Construction, after posting the largest volume in the morning session, drifted down in the afternoon to end a net Y10 off at Y1,190. Leading securities houses were early buyers of the stock on news of a planned Tokyu group development.

In Osaka, the OSE average added 131.25 at 26,652.00 on volume of 42.2m shares, against last Thursday's 41.6m. Constructions, steels and electricals were firm, but popular regional issues lost ground. Nintendo met profit-taking and fell Y300 to Y23,700, while Shimano Industrial, previously bought on an increase in bicycle sales, shed Y80 to Y4,550.

Roundup

THE ADVANCE in Tokyo failed to inspire other markets in the Pacific Basin region yesterday, where Thailand registered the biggest decline.

BANGKOK fell sharply after last week's news of a rise in lending and bank deposit rates. The SET index dropped 37.10, or 5.8 per cent, to 601.85 as investors cashed in equity investments. Activity focused on the banking sector, with Asia Securities, Bangkok Bank of Commerce and Siam City Bank topping the actives list.

AUSTRALIA was pulled lower by arbitrage-related selling. The All Ordinaries index receded 11.2 to 1,355.4. Turnover came to A$163m, compared with A$127m on Friday.

Corporate worries weighed on the market: companies in the Adsteam group, which is selling assets under an A$3bn debt reduction programme, were weak after last week's annual general meetings. Adsteam fell 10 cents to 77 cents, David Jones 42 cents to A$1.45, Tooth 13 cents to A$2.02 and Howard Smith 5 cents to A$4.05.

CSR shed 9 cents to A$4.65 after posting an 11 per cent fall in half-year net profits. Goodman Fielder lost 3 cents to A$1.44 after forecasting modest improvements for 1990, and ANZ declined 8 cents to A$3.76 before its profits announcement, due on Thursday.

HONG KONG drifted downwards but ended above its day's low on bargain hunting. The Hang Seng index lost 20.54 at 2,995.52 in lethargic trading. Turnover totalled HK$591m, similar to Friday's HK$583m. Fears of war in the Gulf kept investors away.

SINGAPORE's volume shrank to a low for the year, with only 13.5m shares traded, down from Friday's 21m. Share prices also declined, the Straits Times Industrial index slipping 7.58 to 1,121.22. UIC and Singapore Land shares remained suspended; on Friday night UIC said that Mr Lee Kim Yew, its chairman, had sold his stake of 25.3m shares in the company.

TAIWAN dropped 4.5 per cent as investors took profits. The weighted index, which also fell on Saturday after a 28 per cent rise earlier in the week, retreated 218.22 to 4,582.86 in turnover of T$73.7bn, down from T$77bn.

Only the plastics sector continued to rise, buoyed by last week's news that Formosa Plastics Group would proceed with a plan for a new naphtha cracking plant.

EUROPE

Growing expectations of UN resolution hit bourses

NEWS AT the weekend that the US would seek a United Nations resolution this week, authorising military action against Iraq, combined with domestic concerns to push bourses lower yesterday, *writes Our Markets Staff.*

MILAN sank to new depths for the year on gloom about the economy, the effects of the new capital gains tax on equities and the government's delay in approving stock market reforms. Late on Friday, Milan floor traders said they would hold another strike on December 5 and 6 to press for reform.

The Comit index fell 9.71 to 511.73 in volume estimated at similar to Friday's L130bn.

News that Italian wages had risen 9 per cent year-on-year in September while inflation was only up 6.2 per cent in the same period also worried the market.

An overspill of demand for Enimont, after last week's news that the state would buy back Montedison's stake, sent the market higher initially but most prices tumbled soon afterwards. Enimont closed at L1,518, up L49, but Fiat fell 2.2 per cent or L121 to L5,382 and Olivetti slumped 6.3 per cent or L210 to L3,145.

FRANKFURT opened lower on Gulf war fears, higher oil prices and poor interim results from Bayer. The market then tried to recover, but failed. After a fall of 7.56 or 1.2 per cent to 631.77 in the FAZ index at midsession, the DAX closed 40.20, or 2.7 per cent, down at 1,443.16, its low for the day.

Profit-taking was in evidence after a strong run-up in the DAX, which had gained 9.2 per cent in the 14 days to November 22. However, there were no signs of strong selling, volume easing from DM4.2bn to DM3.7bn.

Bayer reported a third-quarter drop of 32 per cent in pre-tax profits; its forecast of a 19 or 20 per cent decline for 1990 as a whole compared with analysts' expectations of 11 or 12 per cent. Bayer's large pharmaceuticals business had been expected to provide it with more protection against the cyclical downswing in basic chemicals than its competitors; its failure left the shares DM6.40 lower at DM6.40, compared with falls of DM3 to DM202.50 for BASF and DM4 to DM186 for Hoechst.

Meanwhile, a warning of a potentially significant steelworkers' strike revived fears about another cyclical industry, and Hoesch fell DM10.50 to DM218.

PARIS dropped rapidly after opening slightly higher, as Gulf fears, rising oil prices and an early loss on Wall Street depressed the market. However, the CAC 40 index managed to end above the 1,600 level, after falling to a day's low of 1,597.61.

The index closed 32.82 or 2 per cent lower at 1,607.24 after opening at the day's high of 1,648.44.

Oil stocks were in focus, with Elf Gabon, the producer, rising FFr110 or 7.7 per cent to FFr1,535 and Total adding FFr26 to FFr680.

Thomson-CSF continued to benefit from last week's long-term profits predictions; the share price, one of the day's few winners outside the oil sector, rose FFr1.20 to FFr108.90 in active trading of 400,500 shares.

Peugeot was another riser in early trading, gaining FFr15 after optimistic comments by the chairman of Automobiles Peugeot in a French newspaper article. As the market's decline accelerated, however, the stock fell back, closing FFr1 down at FFr510.

Havas was again affected by earnings fears for the media sector, in spite of predicting a 10-12 per cent rise in 1991 net profits. It lost FFr14 to FFr454 after opening FFr5 higher.

AMSTERDAM fell on renewed tension in the Gulf but volume remained thin. The CBS Tendency index dropped 1.8 to 94.8. Aegon, the insurer, lost Fl 1.10 to Fl 107.80 after reporting a 14.3 per cent rise in nine-month net profits, in line with the market's expectations.

Royal Dutch rose Fl 1 to Fl 131.30 on higher oil prices and a stronger dollar.

MADRID was another market beset by fears about the Middle East, oil prices and Wall Street. The general index fell 3.32 or 1.4 per cent to 227.52 by the close. Turnover remained light.

ZURICH was led down by selective selling of banking, insurance and industrial blue chips. While the Crédit Suisse index fell only 7.7 or 1.7 per cent to 457.1, Union Bank lost SFr90 or 3.2 per cent to SFr2,690, while Zurich Insurance dropped SFr180 or 4.4 per cent to SFr3,870.

BRUSSELS was mostly weaker with the exception of FN, the arms maker, which jumped on hopes that it would be saved from liquidation when shareholders meet on Friday. FN's preferred stock rose BFr13 to BFr128. The cash market index fell 20.24 to 5,075.31.

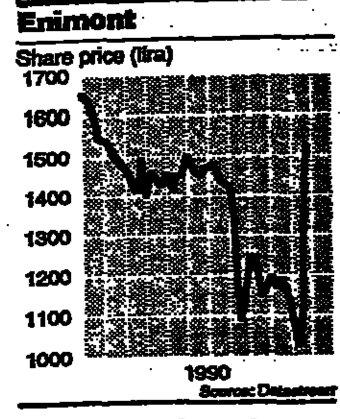
STOCKHOLM fell to another low for the year on increasing concern about the domestic economy. The Affärsvärlden General index slipped 6.5 to 822.2 on turnover of SKr325m.

Esselte, the office equipment group, fell SKr5 to SKr105 after saying that it had again reduced its 1990 profit forecast and was now expecting earnings of less than SKr7 a share.

ISTANBUL plunged 5.6 per cent and turnover shrank on Gulf worries. The market index dropped 209.65 to 3,543.03 in trading worth TL26.3bn, down from TL78.4bn. ATHENS also declined, with the general index falling 23.72 or 2.6 per cent to 882.45.

OSLO was one of the day's few winners, rising on higher prices for Norwegian oil. The all-share index added 1.26 to 460.40 in moderate trading worth NKr288.2m. COPENHAGEN recovered, the bourse index rising 0.98 to 326.10, after falling last week on the announcement of a general election.

Enimont



Sinking profits jeopardise Sweden

MARKETS IN PERSPECTIVE

	% change in local currency † 1 Week	4 Weeks	1 Year	Start of 1990	% change sterling † Start of 1990	% change in US $ † Start of 1990
Austria	+1.58	−8.37	+13.31	−3.48	−10.06	+9.73
Belgium	+0.84	−1.93	−23.78	−23.07	−26.88	−10.78
Denmark	−2.14	−6.09	−12.54	−11.52	−16.29	+2.13
Finland	+0.35	+1.52	−26.14	−30.97	−35.91	−21.79
France	+1.17	−0.13	−15.74	−21.90	−26.06	−9.77
Germany	+2.90	+0.95	−2.55	−15.14	−20.84	−3.40
Ireland	+1.14	−8.51	−23.54	−28.15	−31.81	−16.80
Italy	+0.50	−9.65	−27.05	−28.79	−33.60	−18.98
Netherlands	+1.71	−2.31	−14.12	−18.02	−23.40	−6.53
Norway	−1.58	−12.94	+4.48	−5.71	−12.10	+7.26
Spain	−0.60	−3.20	−23.22	−22.48	−26.14	−9.88
Sweden	−5.68	−13.02	−16.72	−27.13	−33.52	−18.88
Switzerland	−0.71	−4.02	−20.86	−22.23	−21.89	−4.69
UK	+4.93	+5.06	−4.18	−11.82	−11.82	+7.60
EUROPE	+2.67	+0.60	−10.39	−16.77	−19.60	−1.90
Australia	+1.79	+1.40	−13.09	−15.06	−32.62	−17.78
Hong Kong	+0.35	−1.61	+3.39	+4.70	−14.09	+4.83
Japan	+1.09	−7.09	−39.03	−41.90	−46.24	−34.40
Malaysia	+1.00	−5.78	−3.46	−15.03	−29.92	−14.49
New Zealand	+3.57	−6.78	−36.65	−32.99	−43.30	−30.82
Singapore	+1.31	−4.95	−15.35	−20.37	−27.42	−11.44
Canada	−0.49	+0.65	−16.48	−17.85	−32.70	−17.89
USA	−0.61	+3.62	−8.38	−11.08	−27.13	−11.08
Mexico	+2.14	+2.72	+117.35	+89.04	+41.71	+72.91
South Africa	−0.09	−3.85	−12.77	−14.72	−27.26	−11.25
WORLD INDEX	+0.91	−1.20	−21.47	−25.03	−33.45	−18.79

† Based on November 23rd 1990. Copyright, The Financial Times Limited, Goldman, Sachs & Co., and County NatWest Securities Ltd

By *Antonia Sharpe*

FURTHER disappointment from the corporate sector and a rise in interest rates sent Sweden to its low for the year last week. However, rises in the UK, France and Germany helped Europe to end the week higher overall, according to the FT-Actuaries world indices.

In local terms, the Swedish stock market recorded a fall of 5.7 per cent last week, bringing its drop for the year to 27.1 per cent. Poor results from Volvo and Electrolux have shown many analysts that the state of Swedish industry is worse than they had believed.

Mr Roddy Bridge at UBS Phillips & Drew says in his latest Scandinavian forecast that the future for Swedish groups hardly looks inspiring, even though tough rationalisation measures are to be implemented. In view of continued cost pressure at the manufacturing base and the subsequent deterioration in profit margins, he now expects market earnings to decline by 20 per cent this year.

Mr Bridge warns: "Although a Christmas rally seems possible, we expect Sweden to remain the worst performing European market. Collapsing earnings, banking problems and cash flowing out of the market leave little room for any upside."

Other Scandinavian markets were also weak. Norway was shaken by a big drop in Saga B shares on rumours of an imminent issue of derivative instruments backed by the restricted shares.

Denmark declined as a general election was announced, following the failure by the minority government to win support from the opposition Social Democrats for a tax reform plan.

In the Pacific, New Zealand climbed 3.7 per cent on the week. The market was cheered by Fletcher Challenge's sale of its 9.7 per cent stake in CSR, of Australia, the proceeds of which will be used to reduce debt. However, analysts do not expect the market to roar away from its six-year low as the economic fundamentals are still poor.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	MONDAY NOVEMBER 26 1990								FRIDAY NOVEMBER 23 1990					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1990 High	1990 Low	Year ago (approx)
Australia (76)	123.63	−0.7	93.25	100.61	95.90	107.39	−0.8	7.26	124.46	93.78	100.19	96.15	108.23	158.31	118.98	145.23
Austria (19)	198.20	−0.9	149.51	161.31	153.75	153.49	−0.6	1.78	199.93	150.66	160.95	154.46	154.37	285.63	178.57	147.66
Belgium (61)	136.85	−0.8	103.23	111.37	106.15	104.12	−0.3	5.57	137.99	103.98	111.08	106.61	104.47	160.02	128.67	147.62
Canada (120)	125.09	+0.1	94.38	101.80	97.02	106.07	+0.2	3.82	124.95	94.16	100.58	96.53	104.87	153.61	121.24	148.97
Denmark (33)	245.03	−1.0	184.83	199.42	190.08	190.37	−0.7	1.58	247.39	186.42	199.15	191.13	191.79	277.62	234.05	231.98
Finland (25)	103.52	−0.7	78.09	84.25	80.30	77.53	−0.7	3.93	104.25	78.55	83.92	80.54	78.07	152.29	98.91	118.90
France (122)	138.22	−1.8	104.26	112.48	107.20	109.06	−1.4	3.81	140.78	106.08	113.32	108.75	110.58	168.85	124.98	138.26
Germany (91)	117.64	−1.6	88.74	95.75	91.25	91.25	−1.2	2.49	119.51	90.05	96.22	92.33	92.33	144.63	101.38	103.78
Hong Kong (48)	122.09	−0.6	92.09	99.36	94.71	122.10	−0.6	5.42	122.79	92.53	98.84	94.87	122.89	147.49	112.24	117.35
Ireland (17)	152.91	+1.2	115.35	124.45	118.61	120.34	+1.7	4.34	151.05	113.82	121.60	116.70	118.31	198.57	139.04	162.76
Italy (91)	77.78	−2.5	58.67	63.30	60.33	65.02	−2.1	3.78	79.75	60.09	64.19	61.61	66.39	109.26	77.78	92.60
Japan (454)	129.88	+0.3	97.97	105.71	100.76	105.71	+1.4	0.81	129.49	97.58	104.24	100.05	104.24	197.26	106.58	193.11
Malaysia (35)	193.01	−1.5	145.59	157.08	149.71	199.41	−1.4	3.38	195.86	147.59	157.66	151.31	202.27	250.89	182.96	203.22
Mexico (12)	564.72	+0.3	425.98	459.60	438.05	1815.27	+0.3	0.38	562.76	424.06	453.02	434.77	1809.56	564.72	324.53	287.54
Netherland (41)	133.19	−1.0	100.47	108.39	103.31	102.28	−0.6	5.26	134.49	101.34	108.26	103.90	102.88	149.03	127.56	131.13
New Zealand (16)	49.57	−0.6	37.39	40.34	38.45	42.97	−0.5	7.82	49.87	37.58	40.15	38.53	43.18	75.36	47.90	74.84
Norway (27)	215.20	+0.4	162.33	175.15	166.94	169.86	+0.7	1.82	214.35	161.52	172.55	165.60	168.67	276.79	202.34	173.55
Singapore (25)	155.97	−0.6	117.65	126.94	120.98	122.80	−0.6	3.60	156.94	118.26	126.34	121.24	123.56	209.24	147.24	163.23
South Africa (60)	178.98	+2.6	135.01	145.66	138.83	133.30	+2.8	4.09	174.43	131.44	140.41	134.76	129.68	251.39	151.50	172.00
Spain (42)	144.11	−1.9	108.70	117.29	111.78	103.28	−1.4	5.37	146.97	110.75	118.31	113.54	104.77	182.25	128.54	158.49
Sweden (27)	154.69	−0.7	116.68	125.89	119.99	127.49	−0.6	3.19	155.79	117.39	125.41	120.36	128.29	234.93	154.69	163.70
Switzerland (68)	87.12	−2.8	65.71	70.91	67.59	68.43	−2.2	3.08	89.66	67.56	72.18	69.28	69.95	109.77	85.00	89.95
United Kingdom (298)	169.30	−0.9	127.71	137.77	131.31	127.71	−0.8	5.44	170.76	128.67	137.45	131.91	128.67	176.18	139.87	141.61
USA (533)	127.71	+0.4	96.33	103.94	99.07	127.71	+0.4	3.67	127.20	95.85	102.40	98.28	127.20	148.95	119.06	140.27
Europe (962)	137.83	−1.3	103.97	112.17	106.92	105.73	−1.0	4.40	139.67	105.25	112.43	107.91	106.82	157.65	124.91	127.47
Nordic (112)	170.74	−0.7	128.79	138.96	132.44	131.13	−0.5	2.32	171.88	129.52	138.36	132.79	131.78	223.29	170.74	168.12
Pacific Basin (654)	129.06	+0.2	97.35	105.04	100.11	105.99	+1.3	1.20	128.75	97.02	103.65	99.47	104.68	192.75	107.82	188.31
Euro−Pacific (1616)	132.98	−0.4	100.31	108.22	103.15	106.68	+0.3	2.55	133.55	100.64	107.50	103.17	106.38	174.18	116.03	164.05
North America (653)	127.46	+0.4	96.15	103.75	98.89	126.22	+0.4	3.87	126.97	95.68	102.23	98.11	125.73	148.43	119.26	140.68
Europe Ex. UK (664)	118.58	−1.7	89.45	96.53	92.00	92.81	−1.2	3.60	120.59	90.87	97.09	93.18	93.97	145.62	109.94	117.63
Pacific Ex. Japan (200)	118.59	−0.7	89.45	96.53	92.00	106.03	−0.7	6.22	119.38	89.96	96.11	92.24	106.82	146.72	116.03	130.85
World Ex. US (1808)	133.41	−0.4	100.63	108.59	103.49	107.33	+0.3	2.61	133.91	100.91	107.80	103.46	107.00	173.77	117.12	163.68
World Ex. UK (2043)	126.60	+0.0	95.49	103.04	98.21	112.24	+0.5	2.72	126.62	95.41	101.93	97.83	111.70	162.00	115.37	155.52
World Ex. So. Af. (2281)	130.10	−0.1	98.13	105.89	100.92	113.64	+0.3	3.02	130.27	98.17	104.88	100.65	113.28	161.84	118.04	154.15
World Ex. Japan (1887)	131.95	−0.3	99.53	107.40	102.37	118.01	−0.2	4.17	132.38	99.75	106.57	102.29	118.25	151.59	124.31	135.76
The World Index (2341)	130.39	−0.1	98.36	106.12	101.15	113.78	+0.3	3.03	130.54	98.37	105.09	100.86	113.40	162.05	118.33	154.25